

4 September 2003



Proposed Acquisition of Ghim Li Building 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”), is pleased to announce that Bermuda Trust (Singapore) Limited (the “Trustee”), as trustee of A-REIT, and Ghim Li Holdings Co Pte Ltd (“Ghim Li”) have on 4 September 2003 entered into a Put and Call Option Agreement (the “Option Agreement”) in respect of the sale and lease of the Ghim Li Building (the “Property”) located at 41 Changi South Avenue 2 Singapore 486153 for a purchase price of S\$13.5 million (the “Purchase Price”).

The Property is a 4-storey fully air-conditioned office, production and warehouse complex with gross floor area of approximately 8,046 sqm on a land area of 5,617 sqm (subject to survey). The land is held on a 30-year lease commencing 1 March 1995, with an option to renew for a further term of 30 years. The Property is strategically located within 5 minutes drive from Singapore Changi Airport and is accessible via two major expressways – the East Coast Parkway and Pan Island Expressway. Since its completion in July 2000, the Property has been occupied by Ghim Li. Ghim Li is a private company established in 1977 and operating in the garment and textile business with its Corporate Headquarters located in Singapore as well as manufacturing operations in Malaysia, Indonesia, Brunei, Hong Kong, Mexico, USA, Guatemala and Fiji.

Rationale for the Acquisition

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

Proposed Sale and Lease Back of the Property

Upon exercise of the Option Agreement, Ghim Li and the Trustee will enter into a sale and purchase agreement (the “Sale and Purchase Agreement”) for the acquisition of the Property. On the date of the Sale and Purchase Agreement, possession of the Property will be handed over to the Trustee and the Trustee will enter into a lease agreement (the “Lease Agreement”) with Ghim Li Global Pte Ltd (“Ghim Li Global”), a wholly owned subsidiary of Ghim Li, for the lease of the Property by the Trustee to Ghim Li Global for a term of 10 years. The payment obligations of Ghim Li Global under the Lease Agreement will be guaranteed by Ghim Li.

Under the terms of the Sale and Purchase Agreement, the Trustee will pay to Ghim Li a sum equal to 92 per cent. of the Purchase Price (which includes the option fee of S\$0.4 million paid under the Option Agreement) on the date of the Sale and Purchase Agreement and handover of possession of the Property to the Trustee, at which beneficial ownership of the Property will pass to the Trustee. The balance 8 per cent. of the Purchase Price will be paid on legal completion.

The Purchase Price of S\$13.5 million was negotiated on a willing-buyer and willing-seller basis, and is supported by an independent valuation from Jones Lang LaSalle Property Consultants Pte Ltd (“Jones Lang LaSalle”). In addition, A-REIT is expected to incur estimated acquisition costs of S\$0.66 million.

Under the Lease Agreement, the commencing gross rental is S\$1.5 million per annum with stepped increases of 9 per cent. every three years until the end of the term under the Lease Agreement. Under the terms of the Lease Agreement, Ghim Li will also provide a security deposit equivalent to two years rent.

The Manager currently proposes that the acquisition will be fully debt-funded and it is estimated that A-REIT's gearing will rise from 20.5 per cent. (as at 30 June 2003) to 24.3 per cent. after the completion of the proposed acquisition of both the Ghim Li Building and the Ultro Building (please refer to the Manager's separate announcement of today's date for further details of the proposed acquisition of the Ultro Building).

Valuation of Property

Jones Lang LaSalle has prepared an independent valuation report as at 1 August 2003 on the Property. The report was prepared in accordance with instructions issued by the Trustee and the Property was valued at S\$13.5 million. The valuation was prepared using the income and discounted cash flow methods as well as using direct comparison and replacement cost methods.

Financial impact on A-REIT

The net asset value per unit of A-REIT at 30 June 2003 was \$0.89 after adjusting for the distributable income for the three months ended 30 June 2003. The Property will be recorded in the accounts of A-REIT initially at cost and accordingly, the acquisition will have no impact on the net asset value per unit. 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.

The pro forma financial effect of the acquisition of the Property on the earnings per unit of A-REIT for the financial period from 19 November 2002 to 31 March 2003, as if A-REIT had purchased the Property on 19 November 2002 (the date of listing of A-REIT on Singapore Exchange Securities Trading Limited (the "SGX-ST")), and held and operated the Property through to 31 March 2003,

would be to increase distributable income per unit by an amount of 0.06 cents per unit for the said financial period (equivalent to 0.16 cents per unit when annualised).

Based on the lease arrangement described above, the Property is expected to deliver a property yield of 8.84 per cent. (before acquisition costs) in the first year (8.43 per cent. after acquisition costs).

Other Information

The Option Agreement has been entered into by the Trustee and Ghim Li. No director of the Manager or controlling unitholder of A-REIT has any interest, direct or indirect, in the transaction. No person is proposed to be appointed as a director of the Manager in connection with the acquisition of the Property, the Option Agreement, the Sale and Purchase Agreement, the Lease Agreement or any other transaction contemplated in relation to the purchase of the Property by A-REIT from Ghim Li or the lease of the Property by A-REIT to Ghim Li Global.

By Order of the Board

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

Tay Hsiu Chieh

Company Secretary

4 September 2003

The value of units in A-REIT ("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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