

20 November 2003



Proposed Acquisition of IDS HQ 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”) wishes to announce that Bermuda Trust (Singapore) Limited (the “Trustee”), as trustee of A-REIT, has on 20 November 2003 entered into a Put and Call Option Agreement (the “Option Agreement”) with IDS Logistics Services Pte. Ltd. (“IDS Logistics”). This Option Agreement relates to the sale and purchase of the IDS Logistics Corporate Headquarters (“IDS HQ”) for \$50.0 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 acquisition of the IDS HQ will diversify A-REIT’s property portfolio and the mix of tenants in A-REIT’s properties, extend A-REIT’s lease expiry profile and enhance returns to A-REIT’s unitholders.

The Property

The IDS HQ is located at 279 Jalan Ahmad Ibrahim, Singapore 639938 and is accessible via the Ayer Rajah Expressway and West Coast Highway. The IDS HQ is a 4-storey logistics centre with an ancillary office building and a single-storey rack clad building which incorporates an Automated Storage and Retrieval System (“ASRS”). The property has a net lettable area of 21,883 sqm on a land area of 32,617 sqm (subject to survey). The land is held on a 30-year lease commencing 1 September 1998, with an option to renew for a further term of 28 years. Since its completion in October 2001, IDS HQ has been fully occupied by IDS Logistics. IDS Logistics is a wholly-owned subsidiary of Li & Fung (Distribution) Ltd and has over 1,500 employees.

Principal Terms of the Proposed Acquisition

The exercise of the options under the Option Agreement relating to the IDS HQ is conditional upon Jurong Town Corporation's ("JTC") approval for the sale and lease-back of the property.

The Option Agreement may be exercised by IDS within the period of 14 days after the later of 31 March 2004 or the date of obtaining JTC's approval for the sale and lease-back of the property. A-REIT may exercise the option once the JTC approval has been obtained. Upon its exercise, the Trustee will purchase the IDS HQ (together with the ASRS) from IDS Logistics for S\$50.0 million (of which S\$0.5 million has already been paid by A-REIT as a refundable deposit).

On completion, the IDS HQ will be leased to IDS Logistics for a term of ten years (with an option to renew for another three to ten years). The commencing rent paid by IDS Logistics will be S\$4.2 million with three-yearly market reviews with a ratchet clause and a cap of 15.0 per cent. on rental increases for the first review and a cap of 20.0 per cent. for the subsequent reviews until the end of the term of the lease.

The purchase price of S\$50.0 million for the IDS HQ (including the ASRS therein) was negotiated on a willing-buyer and willing-seller basis, and is supported by an independent valuation from Colliers International Consultancy and Valuation (Singapore) Pte Ltd.

Valuation of Properties

The valuation report of Colliers International Consultancy and Valuation (Singapore) Pte Ltd dated 1 November 2003 was prepared in accordance with instructions issued by the Trustee. The IDS HQ (including the ASRS therein) was valued at S\$50.0 million by Colliers International Consultancy and Valuation (Singapore) Pte Ltd. 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 purchase of the IDS HQ 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 details 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 impact 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 six months ended 30 September 2003, the pro forma financial effect on A-REIT's distributable income per unit would be 0.05 cents per Unit (equivalent to 0.10 cents per Unit on an annualised basis).

Based on the lease-back arrangements described above, the IDS HQ is expected to deliver a property yield of 8.27 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);

- 3) the option agreement, undertaking and the form of the sale and purchase agreement relating to the ASRS; and
- 4) the valuation report dated 1 November 2003 of Colliers International Consultancy and Valuation (Singapore) Pte Ltd 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

20 November 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:

<p>Stephen Hawkins Trust Manager Ascendas-MGM Funds Management Ltd Tel : +65 6774 9690 Mobile : +65 9627 8425 Email : stephen.hawkins@ascendas-mgm.com</p>	<p>Philip Pearce Investment & Business Development Manager Ascendas-MGM Funds Management Ltd Tel : +65 6774 9844 Mobile : +65 9627 8632 Email : philip.pearce@ascendas-mgm.com</p>
---	---