



Press Release
22 September 2003

A-REIT's Proposed Acquisition of a Property Being Developed by Ascendas for Infineon Technologies

22 September 2003, Singapore - 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, has entered into a conditional put and call option agreement with Ascendas Land (Singapore) Pte Ltd ("Ascendas") on 22 September 2003, for the sale and purchase of a property located at Pte Lot A20639 in Kallang Sector, Singapore (the "Property"), at the price of S\$50.9 million (subject to adjustment based on final construction costs).

Presently under construction, the Property is being developed by Ascendas and will be leased to Infineon Technologies Asia Pacific Pte Ltd ("Infineon Technologies") for a 12-year period, for the designated use as Infineon Technologies Asia Pacific Headquarters. Infineon Technologies is the world's sixth largest semiconductor manufacturer.

The proposed acquisition of the Property (the "Proposed Acquisition") is in line with the Manager's investment strategy for A-REIT and will add to the diversification of A-REIT's property portfolio and tenant mix. The 12-year lease which Infineon Technologies will be entering into provides annual stepped rental increases. As such, it is expected that the Proposed Acquisition will extend the lease expiry profile of A-REIT, increase its earnings base and continue producing secure and growing returns to A-REIT's unitholders. Based on a purchase price of S\$50.9 million, the Property is expected to deliver a property yield of 8.2 per cent (before acquisition costs) and 7.8 per cent (after acquisition costs) in the first year. These yields are expected to be enhanced if the final purchase

price differs from the anticipated S\$50.9 million. The Manager currently estimates the acquisition costs for the Property to be S\$2.5 million.

The funding of the Proposed Acquisition may be through additional borrowings or funding from new equity raisings, or a combination of both. Assuming that A-REIT adopts a gearing ratio of 30 per cent debt / 70 per cent equity to fund the Proposed Acquisition, it is expected that the Proposed Acquisition will be accretive to A-REIT's earnings. The Manager is reviewing various modes of financing the Proposed Acquisition as well as the optimal level of gearing for A-REIT, and will advise details prior to seeking unitholders' approval.

Mr Goh Kok Huat, Chief Executive Officer of the Manager said, "The Proposed Acquisition is an example of how A-REIT can work with Ascendas in pre-commit or built-to-suit projects to add quality properties to the A-REIT portfolio. We will continue to work together to secure quality projects which can tie in long- term leases with multi-national corporations or local companies."

A-REIT has the right of first refusal over properties owned by Ascendas or offered for sale to Ascendas if they are deemed suitable as assets for A-REIT.

Mr Thomas Teo, Chief Executive Officer of Ascendas Land (Singapore) Pte Ltd said, "Our strong working relationship with A-REIT enables us to source similar types of projects in Singapore involving development of quality buildings with strong tenancy profiles. Ascendas can undertake the development of a project while A-REIT can take ownership of the property once completed." (Subject, amongst other things, to the property meeting A-REIT's investment criteria and, where necessary, obtaining the approval of A-REIT's unitholders).

Conditions Precedent to the Proposed Acquisition

The Proposed Acquisition is conditional upon:

- 1) obtaining the approval of A-REIT unitholders at an extraordinary general meeting to be convened by A-REIT at a date to be arranged by the Manager at an appropriate time within 6 months before the completion of the proposed

- acquisition (estimated to be August 2004, which is also the expected month of completion of construction of the Property);
- 2) a temporary occupation permit (“TOP”) for the Property being granted by the Building and Construction Authority; and
 - 3) signing of a 12-year lease agreement for the Property between Ascendas and Infineon Technologies.

About the Property

The Property is being developed for Infineon Technologies by Ascendas under the Development Agreement entered into between Ascendas and Infineon on 15 April 2003. Under this Development Agreement, Ascendas has contracted to develop the Property which will be leased to Infineon Technologies on completion of construction. The Property is currently under construction and Ascendas expects the TOP to be issued by August 2004.

Designated as Infineon Technologies Asia Pacific Headquarters, the Property will comprise two 10-storey towers with a gross floor area of 27,109 sqm situated on a land area of 10,945 sqm (subject to survey). The Property fronts the Pan Island Expressway in the Kallang Sector, located in the eastern part of Singapore. The total land tenure under a lease of the Property to be issued by Jurong Town Corporation, subject to fulfilment of certain conditions, is 30 years commencing from 1 July 2003, with an option to renew for a further 17 years.

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About A-REIT

A-REIT is the first business space and light industrial REIT listed on Singapore Exchange Securities Trading Limited (the “SGX-ST”). Including OSIM HQ Building, it currently has a diversified portfolio of nine properties comprising business park (including science park), light industrial and built-to-suit properties in Singapore, valued at approximately S\$644.2 million (as at 30 June 2003). These properties house a tenant base of over 300 international and local companies operating in a range of industries and activities, including research and development, life sciences, information technology, engineering and light manufacturing. Tenants include Biopharmaceutical Manufacturing Technology Centre, Federal Express, Honeywell, Lilly Systems Biology, OSIM International, Teradyne and Venture Corporation, just to name a few. The rental income from the tenants contributes to the stable distributions to be delivered by A-REIT.

A-REIT is managed by **Ascendas-MGM Funds Management Limited**, a joint venture between Singapore-based Ascendas Investment Pte Ltd, a related company of Ascendas Land (Singapore) Pte Ltd, and Australian-based Macquarie Goodman Industrial Management Pty Limited.

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Disclaimer

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.