

15 June 2004



Proposed Acquisition of C & P Logistics Hub by A-REIT

Option to Purchase C & P Logistics Hub

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 today entered into a Put and Call Option Agreement (the “**Option Agreement**”) with C & P Holdings Pte Ltd (the “**Vendor**”) relating to the sale and purchase of C & P Logistics Hub (the “**Property**”) for a price of S\$225 million, on the terms of the sale and purchase agreement appended to the Option Agreement (the “**Sale and Purchase Agreement**”).

Disclosure Requirements Under the Listing Manual

Although certain of the relative figures in Rule 1006 of the Listing Manual (the “**Listing Manual**”) of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) exceed 20 per cent. when applied to the proposed acquisition of the Property (the “**Acquisition**”), the Acquisition will not constitute a “major transaction” under Chapter 10 of the Listing Manual because it is regarded as a transaction carried out in the ordinary course of A-REIT’s business. As such, the Manager is not required under the Listing Manual to obtain the approval of the unitholders of A-REIT (“**Unitholders**”) for the Acquisition.

The Manager is nevertheless making this announcement in compliance with the SGX-ST directions in a letter dated 19 November 2003, that an announcement in accordance with the disclosure requirements of Rule 1010 of the Listing Manual be made in respect of any acquisition by A-REIT which results in any of the relative figures in Rule 1006 of

the Listing Manual exceeding 20 per cent., notwithstanding that such acquisition does not constitute a major transaction.

Rationale for the Acquisition

The Acquisition will improve the earnings and distributions enjoyed by Unitholders, improve A-REIT's lease expiry profile from 4.6 years to 5.5 years, diversify and enlarge A-REIT's property portfolio and tenancy mix and provide for growth through stepped increases in the effective annual rental provided for in the long term lease-back agreement with the Vendor.

The Property

The Property comprises two multi-level warehouse buildings providing a net lettable area of 82,458 sqm. A third building of similar design is currently under construction and is scheduled for completion by October 2004. The total net lettable area of the three buildings on completion will be approximately 128,019 sqm and will stand on a land area of 69,481 sqm. This implies a plot ratio of 2.04 which is below the approved plot ratio of 2.5. A-REIT will also have a right of first refusal over a fourth building currently planned for development on an adjoining site.

The Property is located at 46 Penjuru Lane, Singapore, in close proximity to Jurong Port, the PSA ports, the Jurong industrial area and Jurong Island. It is well-served by the Ayer Rajah Expressway and the West Coast Highway, and is approximately 15 kilometres from the city centre. The Property is used primarily for warehousing, bonded and other storage purposes. Upon completion, the three buildings within the Property will be interconnected, allowing heavy vehicles access to each level of each building. The overall site has a remaining land tenure of 29 years expiring on 31 December 2033. The Manager is working with JTC Corporation and the Vendor to secure a 16-year extension to 2049, in line with the Common Land Lease Expiry Date for the area.

C & P Holdings Pte Ltd

The Vendor is a privately-held Singapore-based company with Asia-wide operations in the logistics industry. Established in 1970, the Vendor's businesses under its subsidiaries include warehousing, transportation solutions, rent-a-car, document storage, inland ports, infrastructure development (container ports and toll roads), chemical storage & management, marine, collateral management, mining, oil and gas logistics.

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
- (b) the approval of JTC Corporation for the sale of the Property.

Under the terms of the Option Agreement, all conditions must be satisfied by 31 December 2004.

Upon the exercise of the Option Agreement, the Trustee will purchase the Property for a price of S\$225 million, which was negotiated on a willing-buyer and willing-seller basis, and is supported by an independent valuation from DTZ Debenham Tie Leung (SEA) Pte Ltd ("**DTZ**"). On completion of the Acquisition, the Property will be leased back to the Vendor for 10 years at an initial annual rent of S\$17.7 million, with overall stepped increases of 6 per cent. in the effective annual rent in the 4th year and the 7th year.

A-REIT is expected to incur estimated acquisition costs of S\$9.2 million (comprising stamp duty, professional and other fees).

Based on the lease-back arrangements described above, the Property is expected to deliver a property yield of 7.8 per cent. in the first year.

Valuation of Property

The Property was valued at S\$225 million in a valuation report dated 1 June 2004 that was prepared by DTZ in accordance with the instructions issued by the Trustee. The valuation was prepared using the income and discounted cash flow methods as well as direct comparison and replacement cost methods.

Financial Impact on A-REIT

The Acquisition will be partly funded through the net proceeds from a proposed placement (the “**Placement**”) of up to 83,182,640 new units in A-REIT (“**Units**”) and from additional borrowings.

On the assumption that the net proceeds of the proposed Placement will be used to partly finance the Acquisition as well as the acquisition of Progen Building, the pro forma financial effects of the proposed Placement on the net tangible asset (“**NTA**”) per Unit as at 31 March 2004, as if A-REIT had purchased C & P Logistics Hub, Progen Building as well as the recently acquired Nan Wah Building on 1 April 2003, and held and operated them through to 31 March 2004, are as follows:

	Completion of the Placement ⁽¹⁾		
	Before ⁽²⁾	After ⁽³⁾	
		Assuming Issue Price of S\$1.3825 ⁽⁴⁾	Assuming Issue Price of S\$1.4250 ⁽⁵⁾
NTA (S\$'000)	672,681	785,726	785,726
Units in issue ('000)	707,207	790,390	787,909
NTA per Unit (S\$)	0.95	0.99	1.00

Notes:

(1) The table has been prepared on the basis that the pro forma gearing of A-REIT is increased to approximately 34.7% and that C & P Logistics Hub, Progen Building and Nan Wah Building are

recorded in A-REIT's balance sheet at their respective purchase price (including the costs of acquisition).

- (2) Based on A-REIT's balance sheet as at 31 March 2004 (being A-REIT's last audited balance sheet) adjusted for A-REIT's distribution in respect of the period from 1 October 2003 to 31 March 2003, which was paid on 26 April 2004.
- (3) The issue price ("**Issue Price**") of the new Units under the Placement will be between the range of S\$1.3825 to S\$1.4250 per new Unit.
- (4) Assuming an Issue Price of S\$1.3825, 83,182,640 new Units will be issued.
- (5) Assuming an Issue Price of S\$1.4250, 80,701,754 new Units will be issued.

Assuming that A-REIT had purchased the Property on 1 April 2003 on the same terms as described above, and held and operated the Property for the whole of the financial year ended 31 March 2004, the pro forma financial effect on A-REIT's distributable income per Unit for that period would be 0.65 cents per Unit.

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 or any other transaction contemplated in relation to the proposed Acquisition.

Based on information made available to the Manager, none of the Directors of the Manager or the substantial unitholders (*i.e.*, persons with an interest in one or more Units constituting not less than 5.0% of all the Units in issue) has any interest, direct or indirect, in the proposed Acquisition.

Disclosure Under Rule 1010(13) of the Listing Manual

Chapter 10 of the Listing Manual classifies acquisitions by A-REIT into (a) non-discloseable transactions, (b) discloseable transactions, (c) major transactions and (d) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computer on, *inter alia*, the following bases:

- (i) the net profits attributable to the assets acquired or disposed of, compared with A-REIT's net profits;
- (ii) the aggregate value of the consideration given, compared with A-REIT's market capitalisation; and
- (iii) the number of Unit issued by A-REIT as consideration for the Acquisition, compared with the number of Units previously in issue.

Based on the Vendor's and A-REIT's respective audited financial statements for the financial year ended 31 March 2004, the relative figure for the basis of comparison set out in sub-paragraph (i) above is 29.3%.

Based on the sale price of S\$225 million and A-REIT's market capitalisation as at 31 March 2004 (being the date of A-REIT's latest audited financial statements), the relative figure for the basis of comparison set out in sub-paragraph (ii) is 25.1%.

As there will be no Units issued as consideration for the Acquisition, the basis set out in sub-paragraph (iii) is inapplicable.

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 June 2004 of DTZ 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

15 June 2004

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 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.

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.