



(Constituted in the Republic of Singapore  
pursuant to trust deed dated 9 October 2002 (as amended))

**ANNOUNCEMENT**  
**A-REIT'S PROPOSED ACQUISITION OF FOUR PROPERTIES**  
**FROM SINGAPORE TELECOMMUNICATIONS LIMITED**

**1. INTRODUCTION**

**1.1 The Proposed Acquisitions**

Ascendas-MGM Funds Management Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), has identified Telepark, Kim Chuan Telecommunications Complex, KA Place and KA Centre (together, the “**Properties**” and each a “**Property**”) for acquisition by A-REIT (the “**Proposed Acquisitions**”) at an aggregate purchase price of S\$316.3 million. The vendor of all four Properties is Singapore Telecommunications Limited (“**SingTel**”).

In connection with the Proposed Acquisitions, HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”), as trustee of A-REIT, has today entered into separate conditional put and call option agreements (together, the “**Option Agreements**” and each an “**Option Agreement**”) with SingTel. Under each of the Option Agreements:

- 1.1.1 SingTel has granted to the Trustee a call option to require SingTel to enter into an agreement for the sale of the relevant Property (in the form of the sale and purchase agreement appended to the relevant Option Agreement (the “**Sale and Purchase Agreement**” and together, the “**Sale and Purchase Agreements**”)) to the Trustee; and
- 1.1.2 the Trustee has granted to SingTel a put option to require the Trustee to enter into the relevant Sale and Purchase Agreement for the purchase of the relevant Property from it.

**1.2 Disclosure Requirements Under the Listing Manual**

The Manager is making this announcement because the Proposed Acquisitions will collectively constitute a “major transaction” under Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

## **2. INFORMATION ON THE PROPERTIES**

### **2.1 Telepark**

Telepark is located at 5 Tampines Central 6 in a suburban business district in the east of Singapore. It is within walking distance of the Tampines Mass Rapid Transit (“MRT”) station and is readily accessible via Pan Island Expressway (“PIE”) and East Coast Parkway.

The property comprises an eight-storey office building with a basement carpark of 207 lots and a small portion of retail space. There are six passenger lifts and a goods lift with a capacity of five tonnes.

The net lettable area is 24,252 sqm on a land area of 11,001 sqm .

### **2.2 Kim Chuan Telecommunications Complex**

Kim Chuan Telecommunications Complex is located a short distance from the Aljunied MRT Station and is easily accessible by PIE. It is also situated in close proximity to the MRT station along Upper Paya Lebar Road which is currently under construction and expected to be completed in 2007.

The property comprises a 10-storey office building with 194 car park lots, five passenger lifts and a goods lift with a capacity of three tonnes.

The net lettable area is 25,129 sqm on a land area of 17,048 sqm.

### **2.3 KA Centre**

KA Centre is located at 150 Kampong Ampat in the east of Singapore and is accessible by PIE and Central Expressway.

The property comprises a seven-storey hi-tech industrial building, two passenger lifts and two goods lifts, each with a capacity of four tonnes. It has 172 car park lots and 12 parking lots for lorries.

The net lettable area is 13,509 sqm on a land area of 7,630 sqm.

### **2.4 KA Place**

KA Place is located at 159 Kampong Ampat in the east of Singapore and is accessible by PIE and Central Expressway.

The property comprises a seven-storey hi-tech industrial building with 42 car park lots, four parking lots for lorries, two passenger lifts and two goods lifts, each with a capacity of four tonnes.

The net lettable area is 6,946 sqm on a land area of 3,817 sqm.

### **2.5 Value of the Properties**

All the Properties were valued by CB Richard Ellis (Pte) Ltd in accordance with the instructions issued by the Trustee. All valuations were prepared using the income and

discounted cash flow methods as well as the direct comparison and replacement cost methods of valuation.

The valuation, the purchase price and the date of valuation of each of the Properties are set out in the table below:

<b>Property</b>	<b>Valuation (S\$ million)</b>	<b>Purchase Price (S\$ million)</b>	<b>Date of Valuation</b>
<b>Telepark</b>	186.0	186.0 <sup>(1)</sup>	1 January 2005
<b>Kim Chuan Telecommunications Complex</b>	100.0	100.0	1 January 2005
<b>KA Centre</b>	19.5	19.2	1 January 2005
<b>KA Place</b>	11.1	11.1	1 January 2005
<b>Total</b>	<b>316.6</b>	<b>316.3</b>	

### **3. CERTAIN PRINCIPAL TERMS OF THE PROPOSED ACQUISITIONS**

#### **3.1 Option Agreements**

Under each of the Option Agreements, the Trustee and SingTel may only exercise the call option or (as the case may be) the put option for the relevant Property if the call options or (as the case may be) the put options under all the other Option Agreements are exercised concurrently in accordance with those other Option Agreements.

Certain other principal terms of the Option Agreements can be found in the Appendix to this Announcement.

#### **3.2 Sale and Purchase Agreements**

Under each of the Sale and Purchase Agreements, the completion of the sale and purchase of the relevant Property is subject to and conditional upon concurrent completion of the sale and purchase of all the other Properties in accordance with the terms of the other Sale and Purchase Agreements. Accordingly, neither the Trustee nor SingTel shall be obliged to complete the purchase or (as the case may be) sale of a Property unless completion of the sale and purchase of all the other Properties takes place concurrently.

Certain other principal terms of the Sale and Purchase Agreements can be found in the Appendix to this Announcement.

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<sup>(1)</sup>The total purchase price of S\$316.3 million includes a deferred component of S\$7.6 million to be paid at the end of the third year after the completion of the acquisition of Telepark.

#### **4. RATIONALE AND BENEFIT OF THE PROPOSED ACQUISITIONS TO A-REIT**

The Manager aims to achieve distribution growth and to enhance the value of A-REIT's property portfolio over time through, *inter alia*, selectively acquiring additional properties that meet the Manager's investment criteria. The Proposed Acquisitions will be in line with the investment strategy of the Manager as it is currently expected that the Properties will be accretive to A-REIT's distributable income.

#### **5. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS**

**5.1** The Proposed Acquisitions are intended to be funded from the net proceeds of a proposed placement of new units in A-REIT ("**Units**") and additional borrowings to be incurred by A-REIT.

**5.2** The pro forma financial effect of the Proposed Acquisitions on A-REIT's distributable income per Unit for the financial year ended 31 March 2004 is expected to be an additional 0.48 cents per Unit assuming that:

- A-REIT had purchased, held and operated the Properties as well as other properties acquired since the start of A-REIT's current financial year, for the whole of the financial year ended 31 March 2004;
- the acquisitions of the Properties had been funded by a placement of new Units and additional borrowings incurred by A-REIT; and
- that the structure of the Manager's management fees as described in paragraph 7.2 below had been in place from 1 April 2003.

#### **6. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS**

Save as disclosed herein and based on information available to the Manager, none of the directors of the Manager and none of the substantial unitholders of A-REIT has any interest, direct or indirect, in the Proposed Acquisitions.

#### **7. OTHER INFORMATION**

##### **7.1 Directors' Service Contracts**

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

## 7.2 Mode of Payment of Management Fees

As sanctioned by an extraordinary resolution of the unitholders of A-REIT (“**Unitholders**”) passed at an extraordinary general meeting held on 2 November 2004, the Manager may in relation to each new property acquired by A-REIT, irrevocably elect at any time to receive its base fee (“**Base Fee**”) and performance fee (“**Performance Fee**”) payable under A-REIT’s trust deed in the form of cash and Units.

In respect of each of the Properties, the Manager intends to elect to receive its Base Fee entirely in cash and the relevant portion of its Performance Fee entirely in Units.

In respect of the 13 properties acquired by A-REIT between November 2004 and December 2004 (namely, Infineon Building, Techpoint, Wisma Gulab, Autron Building, Exklusiv Centre, SB Building, Steel Industries Building, Volex Building, CG Aerospace Building, Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building and MacDermid Building), the Manager also intends to elect to receive its Base Fee entirely in cash and the relevant portion of its Performance Fee entirely in Units.

The change to the payment method of the Base Fee in relation to these 17 properties will be effective from 1 April 2005.

For all the other properties currently owned by A-REIT, the Manager will continue to receive its Base Fee in equal proportions of cash and Units. The Performance Fee will continue to be paid entirely in Units.

## 7.3 Disclosure Under Rule 1010(13) of the Listing Manual

7.3.1 According to Chapter 10 of the SGX-ST’s Listing Manual, the Proposed Acquisitions are collectively a major transaction based on the relative figures computed on the following bases applicable thereto:

- (a) the profits attributable to the Properties, compared with A-REIT’s net profits; and
- (b) the aggregate value of the consideration to be given, compared with A-REIT’s market capitalisation.

7.3.2 Based on A-REIT’s audited financial statements for the financial year ended 31 March 2004, the relative figure for the basis of comparison set out in sub-paragraph 7.3.1(a) is 36 per cent.

7.3.3 Based on the aggregate purchase price of S\$316.3 million of the Properties and A-REIT’s market capitalisation as at 31 January 2005 (being the latest practicable date prior to the date of this Announcement), the relative figure for the basis of comparison set out in sub-paragraph 7.3.1(b) is 15 per cent.

7.3.4 Under Rule 1013 of the SGX-ST’s Listing Manual, where any of the relative figures computed on, *inter alia*, the bases set out in paragraph 7.3.1 above in relation to a proposed transaction by A-REIT exceeds 20 per cent, the transaction is regarded as a major transaction. Rule 1014 of the Listing Manual further provides that a major transaction must be made conditional upon approval by Unitholders in a general meeting. In respect of acquisitions by A-REIT of

income-producing business park (including science park), light industrial, built-to-suit and other similar sorts of properties, however, the Manager has obtained a ruling from the SGX-ST that such acquisitions do not fall within Rule 1013 of the Listing Manual and, as such, the Proposed Acquisitions are not subject to Unitholders' approval.

#### **7.4 Documents for Inspection**

Copies of the following documents are available for inspection during normal business hours (upon appointment) at the registered office of the Manager at 75 Science Park Drive, #01-03 CINTech II, Singapore 118255, for a period of three months commencing from the date of this Announcement:

7.4.1 the Option Agreements; and

7.4.2 the Sale and Purchase Agreements (as appended to the respective Option Agreements).

BY ORDER OF THE BOARD  
ASCENDAS-MGM FUNDS MANAGEMENT LIMITED  
(Company Registration No. 200201987K)  
(as manager of Ascendas Real Estate Investment Trust)

Tay Hsiu Chieh  
Company Secretary  
21 February 2005

#### **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 other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view 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.

## APPENDIX

### A. Certain Other Principal Terms of the Option Agreements

#### 1. Telepark

Under the Option Agreement relating to the sale and purchase of Telepark, the right of the Trustee to exercise its call option and the right of SingTel to exercise its put option, in both cases to require the other party to enter into the Sale and Purchase Agreement relating to the sale and purchase of Telepark, are conditional upon, *inter alia*, A-REIT raising funds by a stipulated date through a private placement of new Units and/or external bank borrowings to pay for the aggregate purchase price of the Properties and the agreements for such financing not having been terminated and being unconditional in all respects (unless having been waived by the Trustee in writing).

#### 2. Kim Chuan Telecommunications Complex

Under the Option Agreement relating to the sale and purchase of Kim Chuan Telecommunications Complex, the right of the Trustee to exercise its call option and the right of SingTel to exercise its put option, in both cases to require the other party to enter into the Sale and Purchase Agreement relating to the sale and purchase of Kim Chuan Telecommunications Complex, are conditional upon, *inter alia*, A-REIT raising funds by a stipulated date through a private placement of new Units and/or external bank borrowings to pay for the aggregate purchase price of the Properties and the agreements for such financing not having been terminated and being unconditional in all respects (unless having been waived by the Trustee in writing).

#### 3. KA Centre

Under the Option Agreement relating to the sale and purchase of KA Centre, the right of the Trustee to exercise its call option and the right of SingTel to exercise its put option, in both cases to require the other party to enter into the Sale and Purchase Agreement relating to the sale and purchase of KA Centre, are conditional upon, *inter alia*, A-REIT raising funds by a stipulated date through a private placement of new Units and/or external bank borrowings to pay for the aggregate purchase price of the Properties and the agreements for such financing not having been terminated and being unconditional in all respects (unless having been waived by the Trustee in writing).

#### 4. KA Place

Under the Option Agreement relating to the sale and purchase of KA Place, the right of the Trustee to exercise its call option and the right of SingTel to exercise its put option, in both cases to require the other party to enter into the Sale and Purchase Agreement relating to the sale and purchase of KA Place, are conditional upon, *inter alia*, A-REIT raising funds by a stipulated date through a private placement of new Units and/or external bank borrowings to pay for the

aggregate purchase price of the Properties and the agreements for such financing not having been terminated and being unconditional in all respects (unless having been waived by the Trustee in writing).



## **B. Certain Other Principal Terms of the Sale and Purchase Agreements**

### **1. Telepark**

- (i) **Subject matter of purchase:** If either the call option or put option under the Option Agreement relating to the sale and purchase of Telepark is exercised and the Trustee enters into the Sale and Purchase Agreement for the purchase of Telepark with SingTel, the Trustee will be required to purchase Telepark.
- (ii) **Consideration:** The aggregate purchase price of Telepark and the mechanical and electrical equipment relating thereto is S\$186.0 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis and is supported by the valuation report dated 1 January 2005 issued by CB Richard Ellis (Pte) Ltd.

A deposit of S\$500,000 has already been paid by the Trustee. Upon completion, the Trustee will have to pay S\$177.9 million. The balance of the purchase price (being S\$7.6 million) will be paid to SingTel on the third anniversary date of the day of completion.

### **2. Kim Chuan Telecommunications Complex**

- (i) **Subject matter of purchase:** If either the call option or put option under the Option Agreement relating to the sale and purchase of Kim Chuan Telecommunications Complex is exercised and the Trustee enters into the Sale and Purchase Agreement for the purchase of Kim Chuan Telecommunications Complex with SingTel, the Trustee will be required to purchase Kim Chuan Telecommunications Complex.
- (ii) **Consideration:** The aggregate purchase price of Kim Chuan Telecommunications Complex and the mechanical and electrical equipment relating thereto is S\$100.0 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis and is supported by the valuation report dated 1 January 2005 issued by CB Richard Ellis (Pte) Ltd.

A deposit of S\$500,000 has already been paid by the Trustee. Upon completion, the Trustee will have to pay a further S\$89.5 million. The balance of the purchase price (being S\$10.0 million) will be paid to SingTel in exchange for the Certificate of Title and a duly executed Instrument of Transfer relating to Kim Chuan Telecommunications Complex in accordance with the Sale and Purchase Agreement.

### **3. KA Centre**

- (i) **Subject matter of purchase:** If either the call option or put option under the Option Agreement relating to the sale and purchase of KA Centre is exercised and the Trustee enters into the Sale and Purchase Agreement

for the purchase of KA Centre with SingTel, the Trustee will be required to purchase KA Centre.

- (ii) **Consideration:** The aggregate purchase price of KA Centre and the mechanical and electrical equipment relating thereto is S\$19.2 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis and is supported by the valuation report dated 1 January 2005 issued by CB Richard Ellis (Pte) Ltd.

A deposit of S\$500,000 has already been paid by the Trustee. Upon completion, the Trustee will have to pay the balance of the purchase price (being S\$18.7 million).

#### 4. KA Place

- (i) **Subject matter of purchase:** If either the call option or put option under the Option Agreement relating to the sale and purchase of KA Place is exercised and the Trustee enters into the Sale and Purchase Agreement for the purchase of KA Place with SingTel, the Trustee will be required to purchase KA Place.

- (ii) **Consideration:** The aggregate purchase price of KA Place and the mechanical and electrical equipment relating thereto is S\$11.1 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis and is supported by the valuation report dated 1 January 2005 issued CB Richard Ellis (Pte) Ltd.

A deposit of S\$500,000 has already been paid by the Trustee. Upon completion, the Trustee will have to pay the balance of the purchase price (being S\$10.6 million).