



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

ANNOUNCEMENT

A-REIT'S PROPOSED ACQUISITIONS OF THREE PROPERTIES WORTH S\$70.25 MILLION

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 1 Jalan Kilang, 11 Tampines Street 92 (together, the "**Properties**" and each a "**Property**") and a Changi Property (the "**Changi Property**") for acquisition by A-REIT at an aggregate purchase price of S\$70.25 million.

In connection with the proposed acquisitions (excluding the Changi Property), HSBC Institutional Trust Services (Singapore) Limited, as trustee of A-REIT (the "**Trustee**"), has entered into separate conditional put and call option agreements (together, the "**Option Agreements**" and each an "**Option Agreement**"), with the respective owners of the Properties.

Under each of the Option Agreements:

- 1.1.1 the vendors have granted to the Trustee the relevant call options which, if exercised by the Trustee, shall constitute a binding contract for the sale and purchase of the relevant Property between the Trustee and the relevant vendor on the terms of the Purchase Conditions appended to the relevant Option Agreement; and
- 1.1.2 the Trustee has granted to the Vendors the relevant put options which, if exercised by the relevant vendor, shall constitute a binding contract for the sale and purchase of the relevant Property between the Trustee and the relevant vendor on the terms of the Purchase Conditions appended to the relevant Option Agreement.

Each sale and purchase agreement entered into pursuant to an Option Agreement shall be hereinafter referred to as the "**Purchase Agreement**" and together, referred to as the "**Purchase Agreements**".

The Manager has entered into a memorandum of understanding with the vendor of the Changi Property for the purchase of the property. The parties are in an advanced stage of negotiation and the Manager expects that the conditional put and call agreement for the Changi Property will be executed by the vendor of the Changi Property and the

Trustee within a week from the date of this announcement. A-REIT will make an announcement on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) promptly after the conditional put and call option agreement has been executed.

1.2 Disclosure Requirements Under the Listing Manual

The Manager is making this announcement because the proposed acquisitions (in aggregate) will constitute a discloseable transaction under Chapter 10 of the Listing Manual of SGX-ST.

2. INFORMATION ON THE PROPERTIES

2.1. 1 Jalan Kilang

1 Jalan Kilang is owned by Dynasty House Investment Pte Ltd (“**Dynasty**”). It is easily accessible via Jalan Bukit Merah and the Ayer Rajah Expressway.

The property comprises a six-storey multi-tenanted hi-tech industrial building, 27 parking lots for cars, two loading bays and two cargo lifts with a capacity of 3,000 kg each. Its tenants include Transtel Engineering Pte Ltd, Quintiles East Asia Pte Ltd and Ushio Singapore Pte Ltd. Dynasty will provide A-REIT with a rental guarantee at market rent for two years over vacant space and leases expiring in years 2005 and 2006. A-REIT will pay Dynasty the amount of \$1.9 million to be withheld in lieu of the outstanding obligations to be fulfilled, two years after the date of completion.

The total gross floor area is 7,158 sqm on a land area of 2,863 sqm (subject to survey).

2.2. 11 Tampines Street 92

The property at 11 Tampines Street 92 is owned by Trivec Singapore Pte Ltd (“**Trivec**”). It is in the eastern part of Singapore and is readily accessible by PIE and ECP. It is also located in close proximity to Singapore Expo, Changi Business Park and Changi Airport.

The property comprises a four-storey light industrial building, 125 parking lots for cars and four loading bays. Its anchor tenants include George Fischer Pte Ltd and Capital Gravure Industries Pte Ltd.

The total gross floor area is 18,086 sq m of which 7,417 sqm is under asset enhancement works, on a land area of 15,006 sqm (subject to survey).

A-REIT will pay Trivec \$4.25 million of the purchase price at later dates according to the agreement as follows:

- (a) an aggregate of \$3.25 million to be paid by instalments on completion of the asset enhancement works on 7,417 sqm of gross floor area, expected in December 2005;
- (b) the remaining \$1.0 million to be paid at the end of the second year from the completion of the construction of the asset enhancement or on the date when the additional space is fully tenanted after the expiry of the lease of the extension, whichever is the later date.

2.3 The Changi Property

The property comprises a three-storey logistics building located in Changi and is readily accessible by the Pan Island Expressway and East Coast Parkway from the city centre.

The total gross floor area of the property is 25,583 sqm on a land area of 16,005 sqm (subject to survey).

Summary of property information

Property	Appraised Value (S\$ million)	Purchase Price (S\$ million)	Property Yield Before Costs ⁽¹⁾ (%)	Lease Tenure (Years)	Land Area (sqm)	Gross Floor Area (sqm)	Net Lettable Area (sqm)	Major Tenants	Land Lease Expiry	Remarks
1 Jalan Kilang	18.7	18.7	8.0	Multi-tenanted hi-tech industrial Building	2,863	7,158	6,075	Transtel Engineering Pte Ltd, Quintiles East Asia Pte Ltd, Ushio Singapore Pte Ltd	31-Dec-2062	\$1.9 million of the purchase price will be paid two years after the date of completion when all the outstanding obligations of the vendor have been fulfilled.
11 Tampines Street 92	16.75	16.75	7.7	Multi-tenanted light industrial Building	15,006	18,086	14,545	George Fischer Pte Ltd, Capitol Gravure Industries Pte Ltd	30-Nov-2049	\$4.25 million of the purchase price will be fully paid in two instalments. Please see item 2.2 under Information on the Property for more details.
A Changi property	34.8	34.8	7.6	Multi-tenanted logistics Building	16,005	25,583	23,146	to be announced at a later date	31-Aug-2058	-
Total/ Average	35.45	35.45	7.7		33,874	50,827	43,766			

Note:

- (1) The property yield has been calculated based on the purchase price excluding amounts to be paid subsequently.

3. Value of the Properties and the Changi Property

The Properties and the Changi Property are valued 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 (where available) and replacement cost methods of valuation. The purchase price of each Property and the Changi Property was arrived at on a willing-buyer and willing-seller basis based on the valuation reports and taking into account the individual merits of the Properties and the Changi Property.

The valuation details of each of the Properties and the Changi Property are set out in the table below:

Property	Valuation (S\$ million)	Purchase Price (S\$ million)	Date of Valuation / Valuer
1 Jalan Kilang	18.7	18.7	18 August 2005 by DTZ Debenham Tie Leung (SEA) Pte Ltd ("DTZ")
11 Tampines Street 92	16.75	16.75	18 August 2005 by DTZ
The Changi property	34.8	34.8	15 July 2005 by Colliers International Consultancy & Valuation (S) Pte Ltd ("Colliers")
Total	70.25	70.25	

4. CERTAIN PRINCIPAL TERMS OF THE PROPOSED ACQUISITIONS

The principal terms of the Option Agreements and the Purchase Agreements can be found in the Appendix to this Announcement.

5. 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 and the Changi Property will be accretive to A-REIT's distributable income.

6. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS AND THE CHANGI PROPERTY

6.1 The proposed acquisitions are expected to require funding through additional borrowings and an issue of new units in A-REIT ("**Units**"). The Manager is finalising its plans for an issue of new Units and an announcement of such plans will be made shortly.

6.2 The pro forma financial effect of the proposed acquisitions on A-REIT's distributable income per Unit for the financial year ended 31 March 2005 is 0.14 cents assuming that:

- A-REIT had purchased, held and operated the Properties and the Changi Property 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 2005;
- the Properties and the Changi Property had been funded using the optimal gearing level of 30% debt and 70% equity; and
- the structure of the Manager's management fees as described in paragraph 8.2 below had been in place for the whole financial year.

7. 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.

8. OTHER INFORMATION

8.1 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 apart from Mr Thai Chee Ken who is a director of The Dynasty Corporation (S) Pte Ltd, the holding company of Dynasty. Accordingly, Mr Thai Chee Ken abstained from voting on the acquisition of 1 Jalan Kilang.

8.2 Mode of Payment of Management Fees

As sanctioned by an extraordinary resolution of the 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/or Units.

In respect of each of the Properties and the Changi Property to be acquired, the Manager hereby elects to receive its Base Fee entirely in cash and its Performance Fee entirely in Units

8.3 Disclosure Under Rule 1010(13) of the Listing Manual

8.3.1 Pursuant to Chapter 10 of the SGX-ST's Listing Manual, the proposed acquisitions collectively constitute a major transaction based on the relative figures computed on the following bases applicable thereto:

- (a) the profits attributable to the Properties and the Changi Property, 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.
- 8.3.2** Based on A-REIT's audited financial statements for the financial year ended 31 March 2005, the relative figure for the basis of comparison set out in sub-paragraph 8.3.1(a) is 5.40%.
- 8.3.3** Based on the aggregate purchase price of S\$70.25 million of the Properties and the Changi Property and A-REIT's market capitalisation as at 23 August 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 8.3.1(b) is 2.71%.
- 8.3.4** 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 8.3.1 above in relation to a proposed transaction by A-REIT exceeds 20.0%, 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), hi-tech industrial, light industrial, logistics and distribution centres 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.
- 8.3.5** Where any of the figures computed in 8.3.2 and 8.3.3 above exceeds 5%, the details of the transactions must be disclosed.

8.4 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:

- 8.4.2** the valuation reports on the Properties and the Changi Property;
- 8.4.3** the Option Agreements; and
- 8.4.4** 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

25 August 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. Principal Terms of the Option Agreements

1. 1 Jalan Kilang

(a) Conditions Precedent for Exercise of Option

Under the 1 Jalan Kilang Option Agreement, the right of the Trustee to exercise its call option and the right of Dynasty to exercise its put option, in both cases to require the other party to enter into the 1 Jalan Kilang Purchase Agreement, are conditional upon the fulfilment of the following Relevant Conditions by the Target Date:

- (i) A-REIT securing sufficient financing to undertake the 1 Jalan Kilang Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects; and
- (ii) Dynasty obtaining at its own cost and expense the Head Lessor Approval (as defined in the 1 Jalan Kilang Option Agreement) on terms and conditions satisfactory in all respects to the Trustee.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Jalan Kilang Option Agreement means (i) 12 weeks from the date of the 1 Jalan Kilang Option Agreement or (ii) such earlier or later date as the Trustee and Dynasty may mutually agree in writing.

2. 11 Tampines Street 92

(a) Conditions Precedent for Exercise of Option

Under the 11 Tampines Street 92 Option Agreement, the right of the Trustee to exercise its call option and the right of Trivec, to exercise its put option, in both cases to require the other party to enter into the 11 Tampines Street 92 Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions by the Target Date:

- (i) A-REIT securing sufficient financing to undertake the 11 Tampines Street 92 Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects; and
- (ii) Trustee obtaining the HDB Approvals on terms and conditions satisfactory in all respects to the Trustee.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the 11 Tampines Street 92 Option Agreement means (i) 12 weeks from the date of the 11 Tampines Street 92 Option Agreement or (ii) such earlier or later date as the Trustee and Trivec may mutually agree in writing.

B. Principal Terms of the Purchase Agreements

1. 1 Jalan Kilang

(a) Subject matter of purchase

If either the call option or put option under the 1 Jalan Kilang Option Agreement is exercised and the Trustee enters into 1 Jalan Kilang Purchase Agreement with Dynasty, the Trustee will be required to purchase 1 Jalan Kilang together with the integral mechanical and electrical equipment located therein or thereon (as listed in 1 Jalan Kilang Purchase Agreement).

(b) Consideration

The aggregate purchase price of 1 Jalan Kilang together with the mechanical and electrical equipment is S\$18.65 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of DTZ dated 18 August 2005.

An option fee of S\$0.05 million has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will pay S\$16.735 million to Dynasty. The Trustee will pay the balance of the purchase price of S\$1.865 million to Dynasty at the end of the 25th month from (but excluding) the day of completion of the 1 Jalan Kilang Acquisition.

(c) Rental Guarantee

Dynasty shall provide the Trustee with a rental guarantee to the Trustee on the terms and conditions as set out in the 1 Jalan Kilang Purchase Agreement.

2. 11 Tampines Street 92

(a) Subject matter of purchase

If either the call option or put option under the 11 Tampines Street 92 Option Agreement is exercised and the Trustee enters into the 11 Tampines Street 92 Purchase Agreement with Trivec, the Trustee will be required to purchase 11 Tampines Street 92 together with the integral mechanical and electrical equipment located therein or thereon (as listed in the 11 Tampines Street 92 Purchase Agreement).

(b) Consideration

The aggregate purchase price of 11 Tampines Street 92 together with the mechanical and electrical equipment is S\$16.75 million, which includes S\$[3.25] million to be paid by the Trustee to Trivec on completion of the Asset Enhancement Works (as defined in the 11 Tampines Street 92 Purchase Agreement) in accordance with the provisions of the 11 Tampines Street 92 Purchase Agreement. This price was arrived at on a willing-buyer and willing-

seller basis, and is supported by the full valuation report of DTZ dated 18 August 2005.

An option fee of S\$80,000 has already been paid by the Trustee. The balance purchase price will be paid by the Trustee to Trivec as follows:

- (i) on completion of the sale and purchase of 11 Tampines Street 92, S\$12.42 million together with release of the option fee of S\$80,000.00, less a deduction of the Income Support Amount (as defined in the 11 Tampines Street 92 Purchase Agreement) and the Extension Lease Agreement Initial Payment (as defined in the 11 Tampines Street 92 Purchase Agreement);
- (ii) an aggregate of S\$3.25 million to be paid by instalments on completion of the Asset Enhancement Works in accordance with the provisions of the 11 Tampines Street 92 Purchase Agreement; and
- (iii) at the end of the second year from Practical Completion (as defined in the 11 Tampines Street 92 Purchase Agreement) of the Asset Enhancement Works or on the date that vacant space within the Extension (as defined in the 11 Tampines Street 92 Purchase Agreement) is fully tenanted after the expiry of the Extension Lease Agreement (as defined in the 11 Tampines Street 92 Purchase Agreement) on such lease terms and conditions acceptable to the Trustee, whichever is the later, S\$1.0 million, representing the balance of the purchase price.

(c) Asset Enhancement Works

The 11 Tampines Street 92 Purchase Agreement provides that Trivec must complete the asset enhancement works relating to the Extension (as defined in the 11 Tampines Street 92 Purchase Agreement) in accordance with the provisions of the 11 Tampines Street 92 Purchase Agreement.

(d) Income Support

On completion of the sale and purchase of 11 Tampines Street 92, Trivec will provide the Trustee with income support in respect of the Extension (as defined in the 11 Tampines Street 92 Purchase Agreement) for an income support amount of S\$300,000 relating to the Extension (as defined in the 11 Tampines Street 92 Purchase Agreement) in accordance with the provisions of the 11 Tampines Street 92 Purchase Agreement.