

09 January 2004



Proposed Acquisition of the Property, “The Siemens Center” in MacPherson 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 09 January 2004 entered into a Put and Call Option Agreement (the “Option Agreement”) with Cobalt Asset Management Ltd and M+W Zander (S) Pte Ltd (together, the “Vendors”) relating to the sale of the Siemens Center (the “Property”) for S\$65.75 million, on the terms of the sales agreement appended to the Option Agreement (the “Sales Agreement”).

Rationale for the Proposed Acquisition

The proposed acquisition of the Property will diversify A-REIT’s property portfolio and the mix of tenants in A-REIT’s properties, extend the lease expiry profile of A-REIT and enhance returns to A-REIT’s unitholders.

The Property

The Siemens Center is located at 60 Macpherson Road, Singapore 348615 near the centre of Singapore and is easily accessed via the Pan Island Expressway as well as the Central Expressway. The Property comprises a 15-storey tower block containing offices, a service centre, laboratories and R&D centres; a 2-storey annex building with amenities such as a gymnasium and a cafeteria and an 8-storey block containing workshops and offices. The total net lettable area of The Siemens Center is 28,377 sqm (subject to survey) built on a land area of 17,386 sqm (subject to survey). The land is to be held on a 30-year lease commencing 16 December 2001, with an option to renew for a further term of 30 years (subject to confirmation by Jurong Town Corporation (“JTC”) on the

further term). Completed in 2003, the anchor tenant is the Siemens Pte Ltd (“Siemens”) which occupies 82 per cent of the space in the Property. With close to 2,000 staff, Siemens is the leading German company in Singapore - It delivers state-of-the-art solutions and technology in the fields of automation and control, power, transportation, healthcare, information and communications, and lighting. In all, Siemens provides a full range of services which includes engineering, design, software development, marketing and maintenance as well as manufacturing.

Principal Terms of the Proposed Acquisition

The exercise of the options under the Option Agreement relating to the Property is conditional upon, *inter alia*:

- a) A-REIT obtaining satisfactory financing for the acquisition of the Property; and
- b) the approval of JTC for the sale of the Property.

Upon the exercise of the Option Agreement, the Trustee will purchase the Property for S\$65.75 million. The purchase price is payable in instalments with an initial payment of S\$53.5 million to the Vendor upon settlement of the acquisition. The remaining S\$12.25 million will be paid on the third (S\$4.25 million), fourth (S\$4.25 million) and fifth (S\$3.75 million) anniversaries of the date of settlement. On completion of the acquisition, the existing lease with Siemens (which is for a term of 15 years commencing from July 2003) for 82 per cent. of the Property will be novated from the Vendors to A-REIT. The remaining 18 per cent. of the Property will be available for lease.

The purchase price of S\$65.75 million for the Property, was negotiated on a willing-buyer and willing-seller basis, and is supported by an independent valuation from Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“Colliers International”). In addition, A-REIT is expected to incur estimated acquisition costs of S\$2.96 million.

Valuation of Property

The valuation report of Colliers International dated 10 December 2003 was prepared in accordance with instructions issued by the Trustee. The Property was valued at S\$66.0

million by Colliers International. 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 Property is expected to require funding through additional borrowings and an issue of new units in A-REIT ("Units"). The Manager has commenced planning (including working closely with the relevant authorities) to undertake an issue of new Units. It is expected that a proposed equity raising will require the approval of A-REIT's unit holders and it is also currently contemplating that the equity raising will include preferential offering of Units to existing unit holders. Further information relating to the financial effects of the proposed acquisition, such as the net property income which will be attributable to the Property as well as the impact of the proposed acquisition on the net asset value per Unit, the distribution per Unit and A-REIT's gearing will be provided upon the finalisation of the funding structure.

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 the six months ended 30 September 2003, the pro forma financial effect on A-REIT's distributable income per unit would be 0.02 cents per Unit (equivalent to 0.04 cents per Unit on an annualised basis).

Based on the lease arrangements described above, the Property is expected to deliver a property yield before acquisition cost of 8.26¹ 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

¹ Calculated based on the initial payment of S\$53.5m upon settlement of the acquisition. The remaining S\$12.25m of the purchase price will be paid on the 3rd (S\$4.25m), 4th (S\$4.25m) and 5th (S\$3.75m) anniversaries, respectively.

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); and
- 3) the valuation report dated 10 December 2003 of Colliers International 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
09 January 2004

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:

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