

21 November 2003



Proposed Acquisition of TT International Tradepark 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 21 November 2003 entered into a Put and Call Option Agreement (the “Option Agreement”) with T.T. International Tradepark Pte Ltd (“TT International Tradepark”) relating to the sale and purchase of the TT International Tradepark (the “Property”) for S\$92.0 million, on the terms of the sale and purchase agreement appended to the Option Agreement (the “Sale and Purchase Agreement”).

Rationale for the Proposed Acquisition

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

The Property

The Property is located at 10 Toh Guan Road, Singapore 608838 near the Jurong East MRT station and in close proximity to the Port of Singapore Authority port terminal. It is also accessible via the Ayer Rajah Expressway and Pan Island Expressway. The Property comprises a 6-storey warehouse with an Automated Storage and Retrieval System (“ASRS”) and an adjacent 10-storey office building, with a total net lettable area of 42,765 sqm on a land area of 20,876 sqm (subject to survey). The land is held on a 30-year lease commencing 16 October 1995, with an option to renew for a further term of 30 years. Since its completion in 1998, the Property has been a “One-stop Tradelogsistics Centre” incorporating warehousing, logistics and freight forwarding services. The corporate headquarters of the Property’s major tenant, TT International

Limited (the holding company of TT International Tradepark), is housed within the Property. TT International Limited is listed on Singapore Exchange Securities Trading Limited and is in the business of trading and distribution of a wide range of electrical and electronics products.

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) the approval of the shareholders of TT International Limited for the sale of the Property;
- b) A-REIT obtaining satisfactory financing for the acquisition of the Property; and
- c) the approval of Jurong Town Corporation for the sale and lease-back of the Property.

Under the terms of the Option Agreement, the approval of the shareholders of TT International Limited must be obtained within 12 weeks from the signing of the Option Agreement and [all other conditions must be obtained by 31 March 2004].

Upon the exercise of the Option Agreement, the Trustee will purchase the Property (together with the ASRS) for S\$92.0 million (of which S\$0.88 million has already been paid by A-REIT as a refundable deposit).

On completion, the Property will be leased to TT International Tradepark for a term of ten years (with an option to renew for two further five-year terms). The commencing rent paid by TT International Tradepark for the Property will be S\$6.6 million with stepped increases of 9 per cent, 6 per cent and 9 per cent in years 4, 7 and 10 respectively.

The purchase price of S\$92.0 million for the Property (including the ASRS therein), was negotiated on a willing-buyer and willing-seller basis, and is supported by an independent valuation from CB Richard Ellis (Pte) Ltd.

Valuation of Property

The valuation report of CB Richard Ellis (Pte) Ltd dated 1 November 2003 was prepared in accordance with instructions issued by the Trustee. The Property (including the ASRS therein) was valued at S\$92.0 million by CB Richard Ellis (Pte) Ltd. 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 may be funded through additional borrowings or by issuing new equity or a combination of both. The Manager is currently reviewing various financing alternatives as well as the optimal level of gearing for A-REIT. The Manager will advise unitholders of the proposed funding method as soon as it has been finalised and provide 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 in A-REIT ("Unit"), the distribution per Unit and A-REIT's gearing.

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 six months ended 30 September 2003, the pro forma financial effect on A-REIT's distributable income per unit would be 0.06 cents per Unit (equivalent to 0.12 cents per Unit on an annualised basis).

Based on the lease-back arrangements described above, the Property is expected to deliver a property yield of 7.87 per cent. (before acquisition costs) 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 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);
- 3) the undertaking and the form of the sale and purchase agreement relating to the ASRS; and
- 4) the valuation report dated 1 November 2003 of CB Richard Ellis (Pte) Ltd 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
21 November 2003

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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