

Circular dated 8 June 2007

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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If you have sold or transferred all your units in A-REIT ("Units"), you should immediately forward this Circular, together with the Notice of Unitholders' Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



ASCENDAS REAL ESTATE INVESTMENT TRUST

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

MANAGED BY

ASCENDAS-MGM FUNDS MANAGEMENT LIMITED

CIRCULAR TO UNITHOLDERS IN RELATION TO:

- (1) **THE PROPOSED GENERAL MANDATE FOR THE ISSUE OF NEW UNITS;**
- (2) **THE PROPOSED SPV SUPPLEMENT TO THE TRUST DEED;**
- (3) **THE PROPOSED MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED;**
- (4) **THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED; AND**
- (5) **THE PROPOSED RETROSPECTIVE DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED.**

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	:	26 June 2007 at 3.00 p.m.
Date and time of Unitholders' Meeting	:	28 June 2007 at 3.00 p.m.
Place of Unitholders' Meeting	:	East India Room (Level 1) Raffles Hotel 1 Beach Road Singapore 189673

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CORPORATE INFORMATION

**Directors of Ascendas-MGM
Funds Management Limited
(the manager of A-REIT (the “Manager”))**

Mr Lew Syn Pau (Chairman)
Mr Gregory Goodman (Deputy Chairman)
Ms Chong Siak Ching (Director)
Dr Peter Dodd (Independent Director)
Mr James Hodgkinson (Director)
Mr Benedict Kwek Gim Song (Independent Director)
Mr Swee Kee Siong (Director)
Mr David Wong Cheong Fook (Independent Director)

**Registered office of Ascendas-MGM
Funds Management Limited**

75 Science Park Drive
#01-03 CINTech II
Singapore Science Park I
Singapore 118255

Trustee of A-REIT (the “Trustee”)

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#10-01 HSBC Building
Singapore 049320

Legal Adviser to the Manager

Allen & Gledhill
One Marina Boulevard
#28-00
Singapore 018989

Unit Registrar and Unit Transfer Office

Lim Associates (Pte) Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483

**Independent Financial Adviser
to the Independent Directors
of the Manager (the “IFA”)
in relation to Resolution 4
and Resolution 5**

Deloitte and Touche Corporate Finance Pte Ltd
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 19 to 20 of this Circular.

SUMMARY OF APPROVALS SOUGHT

The Manager seeks approvals from the unitholders of A-REIT ("**Unitholders**") for the resolutions stated below.

(1) **The Proposed General Mandate for the Issue of New Units (Ordinary Resolution)**

The proposed general mandate to be given to the Manager for the issue of new Units in the financial year ending 31 March 2008 for up to 50.0% of the number of Units in issue as at 31 March 2007 (which is the end of A-REIT's last financial year), of which the aggregate number of new Units issued other than on a pro-rata basis to existing Unitholders shall not be more than 20.0% of the number of Units in issue as at 31 March 2007 (the "**General Mandate**").

(2) **The Proposed SPV Supplement to the Trust Deed (Extraordinary Resolution)**

The proposed supplement to the trust deed constituting A-REIT dated 9 October 2002 (as amended) (the "**Trust Deed**") for the purpose of facilitating the use of special purpose vehicles ("**SPVs**") by A-REIT to hold investments (the "**SPV Supplement**").

(3) **The Proposed Management Fee Supplement to the Trust Deed (Extraordinary Resolution)**

The proposed supplement to the Trust Deed for the purpose of allowing the Manager to receive its base fee ("**Base Fee**") and performance fee ("**Performance Fee**") which it is entitled to under the Trust Deed (together, the "**Management Fee**") wholly in Units or wholly in cash or in any combination of both (the "**Management Fee Supplement**").

(4) **The Proposed Development Management Fee Supplement to the Trust Deed (Extraordinary Resolution)**

The proposed supplement to the Trust Deed for the purpose of allowing the Manager to receive development management fees for development projects undertaken and managed by the Manager on behalf of A-REIT (the "**Development Management Fee Supplement**").

(5) **The Proposed Retrospective Development Management Fee Supplement to the Trust Deed (Extraordinary Resolution)**

The proposed supplement to the Trust Deed for the purpose of paying development management fee for developments which were undertaken and managed by the Manager on behalf of A-REIT and which have been completed (the "**Retrospective Development Management Fee Supplement**").

RESOLUTION 1: THE PROPOSED GENERAL MANDATE TO ISSUE UNITS

The Manager proposes to seek the approval of Unitholders for a general mandate under Rule 887 of the Listing Manual of the SGX-ST (the "**Listing Manual**") for the issue of new Units in the financial year ending 31 March 2008, provided that such number of new Units does not exceed 50.0% of the number of Units in issue as at 31 March 2007 (which is the end of A-REIT's last financial year), of which the aggregate number of new Units issued other than on a pro-rata basis to existing Unitholders shall not be more than 20.0% of the number of Units in issue as at 31 March 2007.

The Manager is of the view that the General Mandate will provide A-REIT with additional flexibility which will enable further growth through the acquisition of new properties without the time and expense of convening extraordinary general meetings. The General Mandate will allow A-REIT to raise funds more expeditiously and be more responsive in the acquisition of new properties in a competitive environment where timeliness in making bids and making payment for acquisitions is important.

(See paragraph 2 of the Letter to Unitholders for further details on the General Mandate.)

RESOLUTION 2: THE PROPOSED SPV SUPPLEMENT TO THE TRUST DEED

The Manager proposes to supplement the Trust Deed for the purpose of facilitating the use of special purpose vehicles by A-REIT to hold investments.

The Manager believes that the ability of A-REIT to use special purpose vehicles, such as sub-trusts and corporate entities, for holding investments will give it flexibility in structuring its investment holdings to achieve optimal returns for Unitholders. Such flexibility will enable A-REIT to gain access to a greater pipeline of real properties for potential future acquisition, such as an investment in real property through the holding of a partial interest, instead of a 100.0% interest.

(See paragraph 3 of the Letter to Unitholders for further details on the SPV Supplement.)

RESOLUTION 3: THE PROPOSED MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED

The Manager proposes to supplement the Trust Deed for the purpose of allowing the Manager to receive its Management Fees wholly in Units or wholly in cash or in any combination of both.

The Manager believes that the proposed Management Fee Supplement is beneficial to Unitholders as the Manager will have the added flexibility in the structuring of the payment of its Management Fee and to the extent that the Manager chooses to receive the Management Fee in the form of Units, the Manager's interest will be further aligned with those of the Unitholders.

(See paragraph 4 of the Letter to Unitholders for further details on the Management Fee Supplement.)

RESOLUTION 4: THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED

The Manager proposes to supplement the Trust Deed for the purpose of facilitating the undertaking of development projects by the Manager on behalf of A-REIT.

The Manager intends to complement its existing strategy of organic growth, acquisition growth and employing appropriate debt and equity financing policies by implementing a new strategy of undertaking development activities, subject to the limit imposed by the Appendix 2 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Guidelines**"). The Manager believes that having a development strategy is beneficial to Unitholders as development projects can potentially provide greater returns compared to outright acquisitions of income producing properties and thus improve the net asset value of A-REIT's portfolio and provide growing distributions to Unitholders.

Once approved, the Development Management Fee will be applicable for all future development projects of A-REIT managed by the Manager, including the following projects which have commenced but not yet been completed:

- (i) Private Lot A1706866 at Plot 15 in Changi Business Park ("**Changi Business Park Project**"); and
- (ii) Private Lot A1706877 at Plots 7 & 8 Changi North Way in Changi International Logispark (North) ("**Changi International Logispark Project**").

For the avoidance of doubt, no acquisition fees and other additional fees have been paid to the Manager for the Changi Business Park Project and the Changi International Logispark Project.

(See paragraph 5 of the Letter to Unitholders for further details on the Development Management Fee Supplement including the rationale for such payment.)

RESOLUTION 5: THE PROPOSED RETROSPECTIVE DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED

The Manager proposes to supplement the Trust Deed for the purpose of charging a development management fee for the following development projects which were undertaken and managed by the Manager on behalf of A-REIT and which have been completed:

- (i) Warehouse Retail Facility at Private Lot A1706855 Tampines Avenue 10 in Tampines Industrial Estate ("**Giant Project**"); and
- (ii) Warehouse Retail Facility at Private Lot A1023600 Tampines Avenue 10 in Tampines Industrial Estate ("**Courts Project**").

The Manager believes the payment of a development management fee for these projects is justified as the Manager provided the development management services for these developments but no fees have been paid to the Manager for such services. In relation to the Giant Project and the Courts Project, these two completed projects were successfully completed on time and within budget. A-REIT recorded a significant benefit through unrealised capital appreciation on the completed developments. For the avoidance of doubt, no acquisition fees and other additional fees have been paid to the Manager for the Giant Project and the Courts Project.

(See paragraph 6 of the Letter to Unitholders for further details on the payment of the Retrospective Development Management Fee Supplement.)

INDICATIVE TIMETABLE

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: 26 June 2007 at 3.00 p.m.
Date and time of Unitholders' Meeting	: 28 June 2007 at 3.00 p.m.

The Manager intends to announce any changes (including any determination of the relevant dates) to the timetable above once the Manager becomes aware of such changes.

ASCENDAS REAL ESTATE INVESTMENT TRUST

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

Directors

Mr Lew Syn Pau
Mr Gregory Goodman
Ms Chong Siak Ching
Dr Peter Dodd
Mr James Hodgkinson
Mr Benedict Kwek Gim Song
Mr Swee Kee Siong
Mr David Wong Cheong Fook

Registered Office

75 Science Park Drive
#01-03 CINTECH II
Singapore Science Park I
Singapore 118255

8 June 2007

To: Unitholders of Ascendas Real Estate Investment Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS REQUIRED

The following paragraphs summarise the approvals which the Manager is seeking from Unitholders. Approval by way of an Ordinary Resolution is required in respect of the resolution relating to the General Mandate (Resolution 1) while approval by way of an Extraordinary Resolution is required in respect of the resolutions relating to the SPV Supplement to the Trust Deed (Resolution 2), Management Fee Supplement to the Trust Deed (Resolution 3), the Development Management Fee Supplement to the Trust Deed (Resolution 4), and the Retrospective Development Management Fee to the Trust Deed (Resolution 5).

1.1 Resolution 1: The Proposed General Mandate to Issue New Units (Ordinary Resolution)

The Manager proposes to seek the approval of Unitholders for a general mandate under Rule 887 of the Listing Manual for the issue of new Units in the financial year ending 31 March 2008, provided that such number of new Units does not exceed 50.0% of the number of Units in issue as at 31 March 2007 (which is the end of A-REIT's last financial year), of which the aggregate number of new Units issued other than on a pro-rata basis to existing Unitholders shall not be more than 20.0% of the number of Units in issue as at 31 March 2007.

(See paragraph 2 for further details on the General Mandate.)

1.2 Resolution 2: The Proposed SPV Supplement to the Trust Deed (Extraordinary Resolution)

The Manager proposes to supplement the Trust Deed for the purpose of facilitating the use of special purpose vehicles by A-REIT to hold investments.

(See paragraph 3 for further details on the SPV Supplement.)

1.3 Resolution 3: The Proposed Management Fee Supplement to the Trust Deed (Extraordinary Resolution)

The Manager proposes to supplement the Trust Deed for the purpose of allowing the Manager to receive its Management Fees wholly in Units or wholly in cash or in any combination of both.

(See paragraph 4 for further details on the Management Fee Supplement.)

1.4 Resolution 4: The Proposed Development Management Fee Supplement to the Trust Deed (Extraordinary Resolution)

The Manager proposes to seek the approval of Unitholders to supplement the Trust Deed for the purpose of facilitating the undertaking of development projects by the Manager on behalf of A-REIT.

(See paragraph 5 for further details on the Development Management Fee Supplement.)

1.5 Resolution 5: The Proposed Retrospective Development Management Fee Supplement to the Trust Deed (Extraordinary Resolution)

The Manager proposes to seek the approval of Unitholders to supplement the Trust Deed for the purpose of charging a development management fee for development projects which were undertaken and managed by the Manager on behalf of A-REIT and which have been completed.

(See paragraph 6 for further details on the Retrospective Development Management Fee Supplement.)

2. THE PROPOSED GENERAL MANDATE TO ISSUE UNITS

2.1 General Mandate

The Manager seeks the approval of Unitholders for a general mandate under Rule 887 of the Listing Manual for the issue of new Units in the financial year ending 31 March 2008, provided that such number of new Units does not exceed 50.0% of the number of Units in issue as at 31 March 2007 (which is the end of A-REIT's last financial year), of which the aggregate number of new Units issued other than on a pro-rata basis to existing Unitholders shall not be more than 20.0% of the number of Units in issue as at 31 March 2007.

2.2 Rationale for the General Mandate

The Manager is of the view that the General Mandate will provide A-REIT with additional flexibility which will enable further growth through the acquisition of new properties without the time and expense of convening extraordinary general meetings. A-REIT faces competition in the market for quality business space properties. The General Mandate will allow A-REIT to raise funds more expeditiously and be more responsive in the acquisition of new properties in a competitive environment where timeliness in making bids and making payment for acquisitions is important.

Notwithstanding the General Mandate, A-REIT will nonetheless be required to make an announcement and/or convene a meeting of Unitholders should an acquisition result in the relevant thresholds in Chapter 9 of the Listing Manual relating to interested person transactions, the relevant thresholds in Property Funds Guidelines relating to interested party transactions and/or the relevant thresholds in Chapter 10 of the Listing Manual relating to discloseable transactions and major transactions, being exceeded.

3. THE PROPOSED SPV SUPPLEMENT TO THE TRUST DEED

3.1 The Proposed SPV Supplement

At present, A-REIT does not hold any of its investments through a special purpose vehicle.

In future, however, A-REIT may wish to consider holding any of its then existing investments or new acquisitions through the use of special purpose vehicles, such as sub-trusts and corporate entities. A-REIT may also consider holding only a partial interest, instead of a 100.0% interest, in such special purpose vehicles.

The Manager therefore proposes to supplement the Trust Deed for the purpose of facilitating the use of special purpose vehicles, either wholly or partially owned, by A-REIT to hold investments and where such a special purpose vehicle is used, for the Manager to elect to receive its management fee, acquisition fee and divestment fee under the Trust Deed from A-REIT, the relevant special purpose vehicle or a combination of both, provided that the Manager shall under no circumstances be entitled to receive payment of an amount greater than what the Manager would have been entitled to if it had elected to receive payment from A-REIT.

To this end, the Manager is seeking Unitholders' approval under Clause 28 of the Trust Deed to supplement the Trust Deed with the SPV Supplement.

3.2 Rationale for the Proposed SPV Supplement

The Manager believes that the ability of A-REIT to use special purpose vehicles, such as sub-trusts and corporate entities, for holding investments will give it flexibility in structuring its investment holdings to achieve optimal returns for Unitholders. Such flexibility will enable A-REIT to gain access to a greater pipeline of real properties for potential future acquisition, such as an investment in real property through the holding of a partial interest, instead of a 100.0% interest.

(Details of the SPV Supplement can be found in **Appendix A** of this Circular.)

4. THE PROPOSED MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED

4.1 The Proposed Management Fee Supplement

Currently, under the Trust Deed:

- in relation to the properties known as The Alpha, The Aries, The Capricorn, The Gemini, Techplace I, Techplace II, Techlink, Honeywell Building, OSIM HQ Building, Ghim Li Building, Ultro Building, Changi Logistics Centre, IDS Logistics Corporate Headquarters, Siemens Center, Logistech, TT International Tradepark, Nan Wah Building, Progen Building and C & P Logistics Hub, the Manager is entitled to receive 50.0% of its Base Fee in the form of Units and 50.0% in the form of cash for a period of 60 months after the initial public offering of A-REIT on the SGX-ST in November 2002;
- in relation to all other properties in the portfolio, the Manager may elect at any time after the acquisition of the relevant property (such election to be irrevocable) to receive the Base Fee in the form of cash and/or in the form of Units, in such proportion as may be determined by the Manager. For all properties acquired since August 2004, the Manager has elected to receive the Base Fee in the form of cash;
- the Manager is entitled to receive its Performance Fee, if any, in the form of Units for a period of 60 months after the initial public offering of A-REIT on the SGX-ST in November 2002; and
- after 60 months from the Listing Date, all the Base Fee and the Performance Fee, if any, shall be paid in cash.

The table below summarises the current mode of payment of the Base Fee and the Performance Fee:

Property	The Alpha, The Aries, The Capricorn, The Gemini, Techplace I, Techplace II, Techlink, Honeywell Building, OSIM HQ Building, Ghim Li Building, Ultro Building, Changi Logistics Centre, IDS Logistics Corporate Headquarters, Siemens Center, Logistech, TT International Tradepark, Nan Wah Building, Progen Building and C & P Logistics Hub.	For all properties in the portfolio acquired since August 2004.
Base Fee		
Within 60 months of the Listing Date	50.0% in the form of Units and 50.0% in the form of cash.	Manager may elect (such election to be irrevocable) to receive in the form of cash and/or in the form of Units ⁽¹⁾ .
After 60 months from the Listing Date	Cash	Cash
Performance Fee		
Within 60 months of the Listing Date		Units
After 60 months from the Listing Date		Cash

Note:

⁽¹⁾ For all properties acquired since August 2004, the Manager has elected to receive the Base Fee in the form of cash.

The Manager proposes to supplement the Trust Deed for the purpose of allowing the Manager to elect from time to time to receive both its Base Fee and its Performance Fee (together referred to as "**Management Fee**") wholly in Units or wholly in cash or in any combination of both at its absolute discretion.

4.2 Rationale for the Proposed Management Fee Supplement

The Manager believes that the proposed Management Fee Supplement is beneficial to Unitholders for the following reasons:

- 4.2.1 the Manager will have the added flexibility in the structuring of the payment of its Management Fee;
- 4.2.2 provides stability of distributions year-on-year to Unitholders; and
- 4.2.3 to the extent that the Manager chooses to receive the Management Fee in the form of Units, the Manager's interest will be further aligned with those of the Unitholders.

(Details of the Management Fee Supplement can be found in **Appendix B** of this Circular.)

5. THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED

5.1 The Proposed Development Management Fee Supplement

The Manager proposes to supplement the Trust Deed for the purpose of facilitating the undertaking of development projects by the Manager on behalf of A-REIT.

The Manager proposes to charge a Development Management Fee, in all cases, not exceeding 3.0% of the total project cost incurred in development projects undertaken by A-REIT. The quantum of the Development Management Fee has been reviewed by Deloitte and Touche Corporate Finance Pte Ltd, the Independent Financial Adviser. (See paragraph 5.4.) In cases where market pricing for comparable services is materially lower, the Manager will reduce the development management fee to less than 3.0%. In addition, when the estimated total project cost is greater than S\$100.0 million, the Trustee and the Manager's Independent Directors will first review and approve the quantum of the Development Management Fee. The Manager, as Development Manager, is responsible for development management services which include:

- overall responsibility for the planning, control and monitoring of the progress of the development project from concept to completion to ensure project is completed within the stipulated time, cost and quality;
- working closely with the appointed project manager, architect and consultants to carry out relevant value engineering to ensure a cost-efficient building;
- reporting to the Trustee on a regular basis, in particular, on the cost and progress of the project;
- representing the Trustee in all site meetings during the construction period, and to advise on any variation works and (where applicable) make appropriate recommendations to the Trustee for consideration;
- establishing the prospective tenant's real estate requirements, make site selection, negotiate with government authorities on land allocation and conditions;
- providing value-added inputs on the concept and schematic plans by engaging the Trustee's service providers, namely property managers and marketers and involving the Manager's asset managers to ensure an efficient, functional and marketable end product;
- liaising with the prospective tenant for acceptance of concept and schematic plans and building specifications;
- establishing and ensuring agreement with the prospective tenant on the overall milestones for the delivery of the development project; and
- finalising with the prospective tenant the architectural schematic plans/specifications for use as the basis for calling of tender(s).

Ascendas Land (Singapore) Pte Ltd ("**ALS**"), a member of the Ascendas Group, has a professional team of property development personnel who have been involved in development projects in Singapore for the last sixteen years. In order to leverage on this expertise and not duplicate resources, the Manager will, in carrying out the above-mentioned obligations, engage ALS as the development management service provider. ALS will be paid by the Manager and not A-REIT for the services rendered. The Manager remains at all times responsible for the above-mentioned obligations.

5.2 Rationale for the Proposed Development Management Fee Supplement

The Manager intends to complement its existing strategy of organic growth, acquisition growth and employing appropriate debt and equity financing policies by implementing a new strategy of undertaking development activities, subject to the limit imposed by the Property Funds Guidelines¹.

- 5.2.1 Unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The gestation period (i.e. from the time taken between identification of development opportunities and the confirmation of a deal) may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the development management process may typically take 18 to 30 months depending on the size of the project. In contrast, the time frame for outright acquisitions may be as short as three to four months from the initial inspection until the completion of the acquisition.
- 5.2.2 In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers and the relevant authorities. The amount of services rendered for a development project (as described in paragraph 5.1 above) is significantly more than the amount of services rendered for an acquisition.
- 5.2.3 Furthermore, not all development opportunities may result in confirmed development projects. Any costs incurred during the period when the Manager identifies a development opportunity to the time when confirmation of the project is sought (i.e. the pre-construction phase) will be borne by the Manager, if such confirmation of the development project is not obtained.
- 5.2.4 The Manager believes that having a development strategy is beneficial to Unitholders as development projects can potentially provide greater returns compared to outright acquisitions of income-producing properties and thus improve the net asset value of A-REIT's portfolio and provide growing distributions to Unitholders. The table below shows two recently completed developments undertaken by A-REIT. If these properties were acquired by A-REIT at completion from a developer, it is likely that the price paid for these properties would be the valuation amount as this represents the market price. However, because the developments were carried out on A-REIT's balance sheet, the Unitholders receive the benefit of the unrealised valuation gain which results in an improvement in the net asset value of A-REIT.

Project Description	Total Project Cost (including Development Management Fee)	Valuation as at 31 March 2007	Capital Value Appreciation
Giant Project	S\$65.4 million	S\$75.9 million	S\$10.5 million
Courts Project	S\$46.2 million	S\$60.1 million	S\$13.9 million

5.3 Application of Development Management Fee

Once approved, the Development Management Fee will be applicable for all future development projects of A-REIT managed by the Manager, including the following projects which have commenced but not yet been completed:

Project Description	Expected TOP Date	Estimated Total Project Cost (excluding Development Management Fee)	Proposed Estimated Development Management Fee
Changi Business Park Project	3Q FY07/08	S\$29 million	S\$0.87 million
Changi International Logispark Project	1Q FY07/08	S\$33 million	S\$0.99 million

For the avoidance of doubt, no acquisition fees and other additional fees have been paid to the Manager for development management services which are being rendered for the above developments. In addition, the Manager will not receive a development management fee for activities involving refurbishment, retrofitting and renovations.

¹ Under the Property Funds Guidelines, A-REIT's investment in development projects is limited to 10.0% of A-REIT's deposited property. The value of A-REIT's development projects is based on the total contract value of property development activities undertaken and investments in uncompleted property developments.

5.4 Advice of the Independent Financial Adviser

The Manager has appointed Deloitte and Touche Corporate Finance Pte Ltd (“**Deloitte**”) to advise the Independent Directors of the Manager as to whether the proposed entry into the Development Management Fee Supplement by the Trustee which is an interested person transaction under the Listing Manual and an interested party transaction under the Property Fund Guidelines is on normal commercial terms and whether it is prejudicial to the interests of A-REIT and its minority Unitholders.

Deloitte undertook a comparison of development management fees payable by selected property funds and real estate investment trusts (“**REITs**”) that are listed in Singapore, Hong Kong, Australia and New Zealand. Based on Deloitte’s research of publicly available information, they noted that property funds and REITs listed in Singapore and Hong Kong do not currently have any disclosed development management agreements or arrangements with either their interested persons or third parties. In contrast, property funds and REITs listed in Australia and New Zealand have development management agreements or arrangements with interested persons. The table presented in **Appendix C** from pages 32 to 33 sets out the information on selected property funds and REITs listed in Australia and New Zealand that have development management agreements or arrangements. The list of property funds and REITs presented in the table is for illustration purpose only and is by no means exhaustive.

Having considered the terms of the Development Management Fee Supplement and comparing the fee payable against other selected property funds that pay such fees and made the assumptions set out in its letter, and subject to the qualifications set out therein, the IFA is of the opinion that the proposed entry into the Development Management Fee Supplement by the Trustee is on normal commercial terms and not prejudicial to A-REIT and its minority Unitholders.

The IFA has therefore advised the Independent Directors to recommend that Unitholders vote in favour of the Development Management Fee Supplement.

The letter of the IFA, containing its advice in full, is set out in **Appendix C** of this Circular.

(Details of the Development Management Fee Supplement can be found in **Appendix D** of this Circular.)

6. THE PROPOSED RETROSPECTIVE DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED

6.1 The Proposed Retrospective Development Management Fee Supplement

Currently, the Manager charges a 1.0% acquisition fee on acquisition of income-producing properties. As the acquisition fee is not applicable for development projects, the Manager has not charged the acquisition fee on two development projects, namely Courts and Giant Hypermart, which were completed in December 2006 and February 2007 respectively. Therefore, the Manager intends to charge the proposed Development Management Fee retrospectively in respect of Development Projects which have been completed. These development projects are shown in the table below.

Project Description	TOP Date	Total Project Cost (excluding Development Management Fee)	Proposed Development Management Fee
Giant Project	Completed February 2007	S\$63.5 million	S\$1.91 million
Courts Project	Completed December 2006	S\$44.9 million	S\$1.35 million

For the avoidance of doubt, no acquisition fees and other additional fees have been paid to the Manager for the above developments.

6.2 Rationale for the Proposed Retrospective Development Management Fee Supplement

The Manager believes the payment of a development management fee for these projects is justified as the Manager has provided the development management services for these developments but no fees have been paid to the Manager for such services. The two completed projects were successfully completed on time and within budget. A-REIT recorded a significant benefit through unrealised capital appreciation on the completed developments. For example, the Courts Project was completed on time in December 2006 for a total cost of \$46.2 million (including the proposed Development Management Fee) and was recently valued at \$60.1 million for an unrealised gain of \$13.9 million (30.0%). The Giant Project was completed on time in February 2007 for a total cost of \$65.4 million (including the proposed Development Management Fee) and was recently valued at \$75.9 million for an unrealised gain of \$10.5 million (16.0%).

Assuming that development management fee does not accrue in relation to the Courts Project and the Giant Project, the unrealised gains would have been \$15.2 million and \$12.4 million respectively².

The IFA Letter, containing the advice of the IFA in full, is set out in **Appendix C** of this Circular.

(Details of the Proposed Retrospective Management Fee Supplement can be found in Appendix E of this Circular.)

6.3 Advice of the Independent Financial Adviser

The Independent Directors of the Manager has appointed Deloitte to advise them as to whether the proposed entry into the Retrospective Development Management Fee Supplement by the Trustee which is an interested person transaction under the Listing Manual and an interested party transaction under the Property Fund Guidelines is on normal commercial terms and whether it is prejudicial to the interests of A-REIT and its minority Unitholders.

Having considered the terms of the Retrospective Development Management Fee Supplement and made the assumptions set out in its letter, and subject to the qualifications set out therein, the IFA is of the opinion that the proposed entry into the Retrospective Development Management Fee Supplement by the Trustee is on normal commercial terms and not prejudicial to A-REIT and its minority Unitholders.

The IFA has therefore advised the Independent Directors to recommend that Unitholders vote in favour of the Retrospective Development Management Fee Supplement.

The letter of the IFA, containing its advice in full, is set out in **Appendix C** of this Circular.

7. RECOMMENDATIONS

7.1 On the Proposed General Mandate for the Issue of New Units

Having regard to the rationale for the General Mandate as set out above, the Manager believes that the General Mandate would be beneficial to, and is in the interests of A-REIT. Accordingly, the Manager recommends that Unitholders vote in favour of the resolution relating to the General Mandate (Resolution 1).

7.2 On the Proposed SPV Supplement

Having regard to the rationale for the SPV Supplement as set out above, the Independent Directors are of the opinion that the SPV Supplement is on normal commercial terms and is not prejudicial to the interests of A-REIT or its minority Unitholders. Accordingly the Independent Directors recommend that Unitholders vote in favour of the resolution relating to the SPV Supplement (Resolution 2).

7.3 On the Proposed Management Fee Supplement

Having regard to the rationale for the Management Fee Supplement as set out above, the Independent Directors are of the opinion that the Management Fee Supplement is on normal commercial terms and is not prejudicial to the interests of A-REIT or its minority Unitholders.

Accordingly the Independent Directors recommend that Unitholders vote in favour of the resolution relating to the Management Fee Supplement (Resolution 3).

² *In relation to the other uncompleted development projects, it is not possible to determine the amount of unrealised gains as such a figure is dependent on the valuation of the development project when it is completed.*

7.4 On the Proposed Development Management Fee Supplement

Having regard to the rationale for the proposed Development Management Fee Supplement as set out above, the Independent Directors are of the opinion that the proposed Development Management Fee Supplement is on normal commercial terms and is not prejudicial to the interests of A-REIT or its minority Unitholders.

Accordingly the Independent Directors recommend that Unitholders vote in favour of the resolution relating to the proposed Development Management Fee Supplement (Resolution 4).

7.5 On the Proposed Retrospective Development Management Fee Supplement

Having regard to the rationale for the proposed Retrospective Development Management Fee Supplement as set out above, the Independent Directors are of the opinion that the proposed Retrospective Development Management Fee Supplement is on normal commercial terms and is not prejudicial to the interests of A-REIT or its minority Unitholders.

Accordingly the Independent Directors recommend that Unitholders vote in favour of the resolution relating to the proposed Retrospective Development Management Fee Supplement (Resolution 5).

8. UNITHOLDERS' MEETING

The Unitholders' Meeting will be held at 3.00 p.m. on 28 June 2007 for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of Unitholders' Meeting, which is set out on pages 41 to 42 of this Circular.

A Depositor shall not be regarded as a Unitholder entitled to attend the Unitholders' Meeting and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Ltd ("CDP") as at 48 hours before the Unitholders' Meeting.

9. PROHIBITION ON VOTING

Rule 748(5) of the Listing Manual prohibits the Trustee, the Manager or any of their connected persons and any Director from voting their Units at any meeting to approve any matter in which they have a material interest. Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at a meeting of Unitholders. Given that the Management Fee Supplement, the Development Management Fee Supplement, the SPV Supplement and the Retrospective Development Management Fee Supplement directly affects the Manager's fees, the Manager and its associates (including ALS (which indirectly holds 60.0% of the Manager) and MGM Singapore Pte. Ltd. (which indirectly holds 40.0% of the Manager)) are prohibited from voting on the resolutions relating to the Management Fee Supplement, the Development Management Fee Supplement, the SPV Supplement and the Retrospective Development Management Fee Supplement.

10. ACTION TO BE TAKEN BY UNITHOLDERS

You will find enclosed in this Circular the Notice of Unitholders' Meeting and a Proxy Form.

If a Unitholder is unable to attend the Unitholders' Meeting and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Unit Registrar Office at 3 Church Street, #08-01, Samsung Hub, Singapore 049483 not later than 3.00 p.m. on 26 June 2007, being 48 hours before the time fixed for the Unitholders' Meeting. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person if he so wishes.

Persons who have an interest in the approval of one or more of the resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolutions.

11. DIRECTORS' RESPONSIBILITY STATEMENTS

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects as at the date of this Circular and there are no material facts the omission of which would make any statement in this Circular misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

12. DOCUMENTS ON DISPLAY

A copy of the IFA letter is available for inspection during normal business hours³ at the registered office of the Manager at 75 Science Park Drive, #01-03 CINTech II, Singapore Science Park I, Singapore 118255 from the date of this Circular up to and including the date falling six months after the date of this Circular.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as A-REIT continues to be in existence.

Yours faithfully

Ascendas-MGM Funds Management Limited
(Company Registration No. 200201987K)
(as manager of Ascendas Real Estate Investment Trust)

MR LEW SYN PAU
Chairman

³ *Prior appointment would be appreciated.*

IMPORTANT NOTICE

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.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Unitholders' Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

ALS	:	Ascendas Land (Singapore) Pte Ltd
A-REIT	:	Ascendas Real Estate Investment Trust, a unit trust constituted on 9 October 2002 under the laws of the Republic of Singapore
Ascendas Group	:	Ascendas Pte Ltd and its subsidiaries.
Base Fee	:	The base fee which the Manager is entitled to under the Trust Deed
CDP	:	The Central Depository (Pte) Limited
Changi Business Park Project	:	Private Lot A1706866 at Plot 15 in Changi Business Park
Changi International Logispark Project	:	Private Lot A1706877 at Plots 7 & 8 Changi North Way in Changi International Logispark (North)
Courts Project	:	Warehouse Retail Facility at Private Lot A1023600 Tampines Avenue 10 in Tampines Industrial Estate
Development Management Fee Supplement	:	The proposed amendment to the Trust Deed for the purpose of allowing the Manager to receive development management fees for development projects undertaken and managed by the Manager on behalf of A-REIT
Directors	:	Directors of the Manager
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened under the provisions of the Trust Deed
General Mandate	:	The general mandate to be given to the Manager for the issue of new Units up to 50.0% of the number of Units in issue as at 31 March 2007 (which is the end of A-REIT's last financial year), of which the aggregate number of new Units issued other than on a pro-rata basis to existing Unitholders shall not be more than 20.0% of the number of Units in issue as at 31 March 2007
Giant Project	:	Warehouse Retail Facility at Private Lot A1706855 Tampines Avenue 10 in Tampines Industrial Estate
IFA or Deloitte	:	Deloitte and Touche Corporate Finance Pte Ltd, the independent financial adviser in relation to the resolution relating to the proposed Development Management Fee Supplement and the Proposed Retrospective Development Management Fee Supplement.
Independent Directors	:	The independent directors of the Manager
Latest Practicable Date	:	8 June 2007 being the latest practicable date prior to the printing of the Circular
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	Ascendas-MGM Funds Management Limited, as manager of A-REIT
Management Fee	:	The Base Fee and the Performance Fee
Management Fee Supplement	:	The proposed amendment to the Trust Deed for the purpose of or the purpose of allowing the Manager to receive its Management Fee wholly in Units or wholly in cash or in any combination of both
Ordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed

Performance Fee	:	The annual performance fee which the Manager is entitled to under the Trust Deed
Property Funds Guidelines	:	The guidelines for real estate investment trusts issued by the Monetary Authority of Singapore as Appendix 2 of Code on Collective Investment Schemes issued by the Monetary Authority of Singapore
REIT	:	Real Estate Investment Trust
Retrospective Development Management Fee Supplement	:	The proposed amendment to the Trust Deed for the purpose of paying development management fee for developments which was undertaken and managed by the Manager on behalf of A-REIT and which have been completed
SGX-ST	:	Singapore Exchange Securities Trading Limited
SPV	:	Special Purpose Vehicle
SPV Supplement	:	The proposed amendment to the Trust Deed for the purpose of facilitating the use of special purpose vehicles by A-REIT to hold investments
Trust Deed	:	The trust deed dated 9 October 2002 entered into between the Trustee and the Manager constituting A-REIT, as amended by a first supplemental deed dated 16 January 2004, a second supplemental deed dated 23 February 2004, a third supplemental deed dated 30 September 2004, a fourth supplemental deed dated 17 November 2004 and a fifth supplemental deed dated 20 April 2006
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of A-REIT
Unit	:	A unit representing an undivided interest in A-REIT
Unitholder	:	The Depositor whose securities account with CDP is credited with Unit(s)

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

APPENDIX A

THE PROPOSED SPV SUPPLEMENT TO THE TRUST DEED

The proposed form of the SPV Supplement is as follows:

- That Clause 1.1 of the Trust Deed be amended by inserting the following definition of Special Purpose Vehicle:

“1.1 **“Special Purpose Vehicle”** means an unlisted entity (whether incorporated or otherwise constituted, in Singapore or elsewhere) whose primary purpose is to hold or own Real Estate or to hold or own shares, units or (as the case may be) interests in such other unlisted entity (whether incorporated or otherwise constituted in Singapore or elsewhere) whose primary purpose is to hold or own Real Estate;”

- That Clause 10 of the Trust Deed be amended by inserting the following clause after Clause 10.16:

“10.17 Ownership of Special Purpose Vehicles

10.17.1 The Trust may beneficially own all or part of the issued share capital of or (as the case may be) all or part of the issued units or interests in a Special Purpose Vehicle by incorporating a Special Purpose Vehicle or acquiring shares, units or (as the case may be) interests in a Special Purpose Vehicle if the Manager considers it necessary or desirable for the Trust (in which event the Manager shall instruct the Trustee to incorporate or acquire accordingly). For the purpose of this Clause 10.17.1, Investments of the Trust which are held in any Special Purpose Vehicle shall be deemed to be held or (as the case may be) made directly by the Trustee for the Trust. The Manager or its agents shall manage the assets held by any such Special Purpose Vehicle (as provided in Clause 10.17.2) and the Trustee shall have ultimate control over the objective and management of the Special Purpose Vehicle (as provided in Clause 10.17.3). For the avoidance of doubt, the requirements of this Clause 10.17.1 shall only apply subject to overriding contractual obligations in the case of an Investment by the Trust as joint owner.

Where the Trust holds its investments through one or more Special Purpose Vehicles, “Deposited Property” shall include the gross assets of each of the Special Purpose Vehicles.

10.17.2 The Manager shall be charged with responsibility for the day-to-day management of the assets held by each Special Purpose Vehicle and shall, at its discretion, make recommendations to the Trustee on the annual budget and the management and operation of such Special Purpose Vehicles, and generally carry out the activities in relation to the assets of such Special Purpose Vehicles in accordance with Clause 19.1. The Manager shall also have discretion in recommending to the directors of the Special Purpose Vehicles the amount of dividends or distributions to be paid by each such Special Purpose Vehicle, where applicable, to the Trust. For the avoidance of doubt, the requirements of this Clause 10.17.2 shall only apply subject to overriding contractual obligations in the case of an Investment by the Trust as joint owner.

10.17.3 Notwithstanding the provisions of Clause 13.1, the Trustee shall have the full rights to control, to the extent possible, the objective and management of any Special Purpose Vehicle, including, without limitation, the right to nominate, appoint or remove its representatives and/or such person(s) as it may deem fit and/or upon the recommendation of the Manager to fill the seats on the board of directors (or, where applicable, the members of the governing body) of such Special Purpose Vehicle available to be filled by the Trust. For the avoidance of doubt, the requirements of this Clause 10.17.3 shall only apply subject to overriding contractual obligations in the case of an Investment by the Trust as joint owner.

- 10.17.4 In the discharge of its obligations above, the Manager shall, whenever requested by the Trustee and subject to overriding contractual obligations in the case of an Investment by the Trust as joint owner, propose such of its employees or other relevant persons to act as the directors (or equivalent member of the governing body) of the Special Purpose Vehicle and, in relation to such proposal, provide such information in relation to the candidate as the Trustee may reasonably require. The manner in which the Trustee is to (i) approve the candidate proposed by the Manager and (ii) appoint (and remove) such candidate to act as the director (or equivalent member of the governing body) of the Special Purpose Vehicle shall be agreed between the Trustee and the Manager from time to time or, failing such agreement, shall be determined by the Trustee in its absolute discretion. The Manager shall take all steps within its powers as may be required or necessary to give effect to the decision of the Trustee in relation to the appointment or removal of any such director (or equivalent member of the governing body) of the Special Purpose Vehicle.
- 10.17.5 The Manager shall procure and ensure that such directors (or equivalent member of the governing body) of the Special Purpose Vehicle nominated by the Manager and appointed by the Trustee, to the extent applicable, observe and to be bound by the same investment policies, strategies, duties, obligations and restrictions which are imposed on the Manager under this Deed (including without limitation, the provisions of Clause 19.1 and the requirements of the Code, the Property Funds Guidelines, the Listing Rules (and the listing rules of any other relevant Recognised Stock Exchange) and the Tax Ruling (where applicable)). The Manager shall indemnify and keep indemnified the Trustee and the Trust from and against all actions, claims, proceedings, losses, damages, costs, charges and expenses suffered or incurred by the Trustee or the Trust in consequence of such person's default under this Clause or any other act, failure to act or negligence.
- 10.17.6 Notwithstanding the above, the Trustee or its nominees shall, and the Manager and its nominees shall ensure that the Trustee and its nominees shall, (i) have the right and be able to attend, and to have observers present at, meetings of the board of directors (or equivalent governing body) of the Special Purpose Vehicle and (ii) be provided with all board papers, information, statements, and any other documents, relating to such meetings, whether on a regular basis or upon request by the Trustee.
- 10.17.7 Subject to and without prejudice to any additional requirements specified by the relevant laws, regulations and guidelines, the following matters in relation to the Special Purpose Vehicle shall require the consent of the Trustee, subject to overriding contractual obligations in the case of an Investment by the Trust as joint owner:
- (i) amendment of the provisions of the constitutive documents of the Special Purpose Vehicle;
 - (ii) cessation or change of the business of the Special Purpose Vehicle;
 - (iii) changes to the investment policies for the Special Purpose Vehicle;
 - (iv) changes to the dividend distribution policies for the Special Purpose Vehicle;
 - (v) liquidation, winding up, termination or other event of analogous effect of the Special Purpose Vehicle;
 - (vi) changes in the equity or capital structure of the Special Purpose Vehicle;
 - (vii) changes to the rights attached to any class of share or equity capital of the Special Purpose Vehicle;
 - (viii) issue of shares, equity capital or other securities (including any options over such shares, equity capital or other securities) by the Special Purpose Vehicle;
 - (ix) creation of any security or charge over the assets of the Special Purpose Vehicle or any part thereof;
 - (x) direct or indirect acquisition of any form of investment;
 - (xi) direct or indirect transfer or disposal of the assets of the Special Purpose Vehicle or any part thereof;
 - (xii) entry into interested person transactions as defined in the Listing Rules;

- (xiii) appointment or removal of, or change in, any person or persons appointed pursuant to Clause 10.17.4 to be the directors (or members of the equivalent governing body) of the Special Purpose Vehicle;
- (xiv) approval of the terms of reference of, any agreement in relation to, or any change to the terms of reference of or any agreement in relation to, any person or persons appointed pursuant to Clause 10.17.4 to be the directors (or members of the equivalent governing body) of the Special Purpose Vehicle;
- (xv) provision of loans or credit to any party otherwise than in the ordinary course of business of the Special Purpose Vehicle; and
- (xvi) commencement or settlement of any litigation, arbitration or other proceedings (except for collection of debts in the ordinary course of business of the Special Purpose Vehicle)."

- That Clause 15.2 of the Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

"15.2 Acquisition Fee and Divestment Fee

15.2.1 The Manager is also entitled to receive for its own account out of the Deposited Property:

- (i) an acquisition fee ("**Acquisition Fee**") at the rate of 1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion)(for purposes of this Clause 15.2.1(i), the "**permitted limit**") of each of the following as is applicable (subject to there being no double-counting):
 - (a) the acquisition price of any Real Estate purchased, whether directly or indirectly through one or more Special Purpose Vehicles, by the Trust (plus any other payments in addition to the acquisition price made by the Trust or its Special Purpose Vehicles to the vendor in connection with the purchase of the Real Estate) (pro-rated, if applicable, to the proportion of the Trust's interest);
 - (b) the underlying value of any Real Estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the Real Estate, purchased, whether directly or indirectly through one or more Special Purpose Vehicles, by the Trust (plus any additional payments made by the Trust or its Special Purpose Vehicles to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable, to the proportion of the Trust's interest);
 - (c) the acquisition price of any Investment purchased by the Trust, whether directly or indirectly through one or more Special Purpose Vehicles, in any debt securities of any property corporation or other Special Purpose Vehicle owning or acquiring Real Estate or any debt securities which are secured whether directly or indirectly by the rental income from Real Estate; or
 - (d) the value of any shareholder's loan extended by the Trust to any property corporation or other special purpose vehicle owning or acquiring Real Estate or in debt securities.

~~An Acquisition Fee calculated not exceeding the rate of 1.0 per cent. of the purchase price (after deducting the interest of any co-owner or co-participant) of any Real Estate acquired from time to time by the Trustee on behalf of the Trust. Any increase in the percentage of the the Acquisition Fee above the permitted limit or any change in the structure of the Acquisition Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors duly convened and held in accordance with the provisions of the Schedule hereto; and.~~

Subject to the Property Funds Guidelines, the Acquisition Fee shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect, such election to be irrevocable and made prior to the payment of the Acquisition Fee). The Acquisition Fee is payable as soon as practicable after completion of the acquisition. When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the issue price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable or, where Units are not issued to finance or part finance the Acquisition, the prevailing Market Price at the time of issue of such Units as determined under Clause 5.2.3(i). In the event payment is to be made in the form of Units and the Holders' approval for the issuance of Units is required but not obtained, then payment of that excess part of the Acquisition Fee will be paid in the form of cash. No Acquisition Fee is payable in respect of the acquisition (whether directly or indirectly) of the Initial Properties or, as the case may be, the Special Purpose Vehicles for the initial public offering of Units by the Trust. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Acquisition Fee by the relevant authorities in Singapore or elsewhere; and

- (ii) a divestment fee ("**Divestment Fee**") at the rate of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) (for purposes of this Clause 15.2.1(ii), the "**permitted limit**") of each of the following as is applicable (subject to there being no double-counting):
- (a) the sale price of Real Estate sold or divested, whether directly or indirectly through one or more Special Purpose Vehicles, by the Trust (plus any other payments in addition to the sale price received by the Trust or its Special Purpose Vehicles from the purchaser in connection with the sale or divestment of the property) (pro-rated, if applicable, to the proportion of the Trust's interest);
 - (b) the underlying value of any Real Estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the Real Estate, sold or divested, whether directly or indirectly through one or more Special Purpose Vehicles, by the Trust (plus any additional payments received by the Trust or its Special Purpose Vehicles from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated, if applicable, to the proportion of the Trust's interest); or
 - (c) the sale price of any Investment sold or divested by the Trust, whether directly or indirectly through one or more Special Purpose Vehicles, in any debt securities of any property corporation or other Special Purpose Vehicle owning or acquiring Real Estate or any debt securities which are secured whether directly or indirectly by the rental income from Real Estate.

A Divestment Fee calculated not exceeding the rate of 0.5 per cent. of the sale price (after deducting the interest of any co-owner or co-participant) of any Real Estate sold or divested from time to time by the Trustee on behalf of the Trust. Any increase in the percentage of the Divestment Fee above the permitted limit or any change in the structure of the Divestment Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors duly convened and held in accordance with the provisions of the Schedule hereto.

Subject to the Property Funds Guidelines, the Divestment Fee shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect, such election to be irrevocable and made prior to the payment of Divestment Fee). The Divestment Fee is payable as soon as practicable after completion of the sale or disposal. When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Divestment Fee at the prevailing Market Price at the time of issue of such Units as determined under Clause 5.2.3(i). In the event payment is to be made in the form of Units and the Holders' approval for the issuance of Units is required but not obtained, then payment of that excess part of the Divestment Fee will be paid in the form of cash. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Divestment Fee by the relevant authorities in Singapore or elsewhere.

15.2.2 The Trustee is entitled, on the recommendation of the Manager based on tax considerations, to authorise the payment of any Acquisition Fee or Divestment Fee either at the level of the Trust or if relevant, at the level of the Special Purpose Vehicle.

15.2.3 Where the Manager receives a percentage-based fee when the Trust acquires and divests real estate assets from/to Related Parties, such a fee should, if required by the then applicable laws, rules and/or regulations, be in the form of units issued by the Trust at prevailing Market Price(s). The Units shall be subject to such transfer restrictions as may be imposed by the then applicable laws, rules and/or regulations.”

- That Clause 15.1 of the Trust Deed be amended by inserting the following sub-paragraph immediately after sub-paragraph 15.4:

“15.5 Special Purpose Vehicles

In relation to Investments which are owned or held, either directly or indirectly, by a Special Purpose Vehicle, notwithstanding anything contained in this Deed:

15.5.1 each of the Base Fee, the Performance Fee, the Acquisition Fee and the Divestment Fee shall be calculated on the same basis as if the Investments, or the pro-rated share of the Investments in the case where the interest of the Trust in the Special Purpose Vehicle is partial, had been held directly by the Trustee;

15.5.2 each of the Base Fee, the Performance Fee, the Acquisition Fee and the Divestment Fee together with all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on such fees by the relevant authorities in Singapore or elsewhere may be paid, at the Manager’s election, by the Trustee, the Special Purpose Vehicle or a combination of both;

15.5.3 for each of the Base Fee, the Performance Fee, the Acquisition Fee and the Divestment Fee, if the Manager elects to receive any of such payment either wholly or partially from the Special Purpose Vehicle, the Manager shall under no circumstances be entitled to receive payment of an amount greater than what the Manager would have been entitled to if it had elected to receive payment from the Trustee or where the relevant Investments had been held directly by the Trustee;

15.5.4 where the interest of the Trust in the Special Purpose Vehicle is partial, the payment of the Base Fee, the Performance Fee, the Acquisition Fee and the Divestment Fee shall be pro-rated, if applicable, to the proportion of the Trust’s interest in the Special Purpose Vehicle (except for the Initial Properties, where the payment of the Base Fee, the Performance Fee and the Divestment Fee shall not be pro-rated); and

15.5.5 in the event that payment of the Base Fee, the Performance Fee, the Acquisition Fee or the Divestment Fee to the Manager by the Special Purpose Vehicle is to be made in the form of Units, the payment of such Units may be satisfied by the issuance of Units in accordance with the provisions of this Clause 15 to be applied *mutatis mutandis*.”

APPENDIX B

THE PROPOSED MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED

The proposed form of the Management Fee Supplement is as follows:

- that Clause 15.1 of the Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“15.1 Management Fee

15.1.1 Base Fee

The Manager shall be entitled to receive for its own account out of the Deposited Property within 60 days of the last day of every calendar month the amount of the Base Fee accrued to it and remaining unpaid. The Manager shall be entitled to alter the rate of the Base Fee to some smaller percentage than that hereinafter provided by notice to the Trustee in writing PROVIDED THAT the Manager shall give written notice of any alteration of such rate to a higher percentage within the permitted limit to all Holders, the Trustee and the Depository in respect of the Depositors, not less than three months prior to the date of effect thereof. The Base Fee shall not exceed the rate of 0.5 per cent. per annum of the Deposited Property (for the purposes of this Clause, the **“permitted limit”**). Any increase in the rate of the Base Fee above the permitted limit or any change in the structure of the Base Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors, duly convened and held in accordance with the provisions of the Schedule hereto. The Base Fee shall accrue on each day of each calendar month in respect of the period up to and including the last day of that calendar month. The amount accruing on each day of each calendar month shall be a sum equal to the appropriate percentage of the Deposited Property on the last day of the calendar month multiplied by the number of days in the relevant period and divided by 365. The **“appropriate percentage”** shall be the rate of Base Fee applicable on the relevant day. The Base Fee shall be payable out of the Capital Account or the Income Account of the Deposited Property as the Manager in its discretion shall decide.

The Base Fee shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect). In respect of the Existing Properties, the Base Fee shall be paid to the Manager in the form of Units to be issued to the Manager and in the form of cash in equal proportions for a period of 60 months after the Units are Listed, after which payment of the Base Fee shall be in the form of cash. In respect of all other properties to be acquired by the Trust, the Manager may elect at any time after the acquisition of the relevant property (such election to be irrevocable) to receive the Base Fee in the form of cash and/or in the form of Units, in such proportion as may be determined by the Manager. Until such election is made, the Base Fee shall be paid to the Manager in the form of Units to be issued to the Manager and in the form of cash in equal proportions in respect of such property for the remainder of the 60-month period after the Units are Listed, after which payment of the Base Fee shall be in the form of cash.

When paid wholly or partly in the form of cash, the Base Fee or the relevant part thereof (as applicable) shall be payable out of the Deposited Property monthly in arrears. When paid wholly or partly in the form of Units, the Base Fee or the relevant part thereof (as the case may be) shall be paid on a six-monthly basis in arrears and the Manager shall be entitled to receive such number of Units as may be purchased with the relevant proportion of the Base Fee attributable to the relevant period at an Issue Price equal to the Market Price determined in accordance with Clause 5.2.3(i). In the event that payment is to be made in the form of Units and Holders' prior approval is required but is not obtained at the Holders' meeting to permit such issue of Units to the Manager, then the payment to the Manager for the Base Fee shall be made in the form of cash. The Manager shall be entitled to all the rights attached to such Units issued to it as any other Holder. The amount of the Base Fee payable to the Manager shall be net of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. The Base Fee payable to the Manager shall take into account all or any portion of the Base Fee being waived by the Manager.

15.1.2 Performance Fee

The Manager shall be entitled to receive for its own account out of the Deposited Property within 60 days of the last day of every Financial Year any amount of Performance Fee accrued to the Manager and remaining unpaid. The Performance Fee in relation to any Financial Year shall be equal to a rate of 0.1 per cent. per annum of the Deposited Property PROVIDED THAT the distributions per Unit in such Financial Year (calculated before accounting for the Performance Fee) exceed the distributions per Unit in the preceding Financial Year by at least 2.5 per cent. but less than 5.0 per cent. or a rate of 0.2 per cent. per annum of the Deposited Property PROVIDED THAT the distributions per Unit in such Financial Year (calculated before accounting for the Performance Fee) exceed the distributions per Unit in the preceding Financial Year by at least 5.0 per cent. The “**distributions per Unit**” in relation to any Financial Year shall be the aggregate of distributions made for that Financial Year divided by the weighted average number of Units in issue during such Financial Year. For the first Financial Year, the “distributions per Unit” shall be the annualised amount of the actual distribution made in respect of the first Financial Year.

The Performance Fee shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect). In respect of the Existing Properties, the Performance Fee shall be paid in the form of Units to be issued to the Manager for a period of 60 months after the Units are Listed, after which payment of the Performance Fee shall be in the form of cash. In respect of all other properties to be acquired by the Trust, the Manager may elect at any time after the acquisition of the relevant property (such election to be irrevocable) to receive the Performance Fee in the form of cash and/or in the form of Units, in such proportion as may be determined by the Manager. Until such election is made, the Performance Fee shall be paid in the form of Units to be issued to the Manager in respect of such property for the remainder of the 60-month period after the Units are Listed, after which payment of the Performance Fee shall be in the form of cash.

When the Performance Fee or part thereof is paid in the form of Units, the Manager shall be entitled to receive such number of Units for the relevant proportion of the Performance Fee as may be purchased at an Issue Price equal to the Market Price determined in accordance with Clause 5.2.3(i). In the event that Holders' prior approval is required but is not obtained at the Holders' meeting to permit such issue of Units to the Manager, then the payment to the Manager for the Performance Fee shall be made in the form of cash. The Manager shall be entitled to all the rights attached to such Units issued to it as any other Holder. Any increase in the rate(s) of the Performance Fee or any change in the structure of the Performance Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors, duly convened and held in accordance with the provisions of the Schedule hereto. The amount of the Performance Fee (if any) payable to the Manager shall be net of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. The Performance Fee payable to the Manager shall take into account all or any portion of the Performance Fee being waived by the Manager. For the avoidance of doubt, no Performance Fee shall be payable in respect of the first Financial Year.”

APPENDIX C

INDEPENDENT FINANCIAL ADVISER'S LETTER

25 May 2007

The Independent Directors
Ascendas-MGM Funds Management Limited
(the Manager of Ascendas Real Estate Investment Trust)
75 Science Park Drive
#01-03 CINTECH II
Singapore Science Park I
Singapore 118255

Dear Sirs

PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT AND RETROSPECTIVE DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED ENTERED INTO BETWEEN HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED, IN ITS CAPACITY AS TRUSTEE OF A-REIT, AND ASCENDAS-MGM FUNDS MANAGEMENT LIMITED, IN ITS CAPACITY AS MANAGER OF A-REIT

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular on the Proposed Development Management Fee and Retrospective Development Management Fee (the "Circular") to the unitholders of Ascendas Real Estate Investment Trust ("A-REIT")

1. INTRODUCTION

Ascendas-MGM Funds Management Limited, the manager of A-REIT ("A-MGM" or the "Manager"), proposes to supplement the Trust Deed to allow the Manager to receive development management fees for development projects undertaken and managed by the Manager on behalf of A-REIT (the "Proposed Development Management Fee Supplement").

The Manager's intention to undertake development projects on behalf of A-REIT complements its existing acquisition strategy of investing in outright income-producing properties. The Manager's development activities will be subject to the limits imposed by the Property Fund Guidelines, under which property funds are allowed to undertake development activities as long as the total contract value of property development activities undertaken does not exceed 10.0% of the property fund's deposited property. Applying the 10.0% limit to the current value of deposited properties of approximately S\$3.3 billion based on A-REIT's announcement of results for financial year ended 31 March 2007, implies that A-REIT has the present capacity to undertake up to S\$330.0 million worth of development projects.

In line with the aforementioned intention to undertake development projects, the Manager has initiated and completed, on behalf of A-REIT, the Giant Project and the Courts Project. The Manager now proposes to supplement the Trust Deed for the purpose of paying the development management fee to the Manager for services provided in connection with the two projects (the "Retrospective Development Management Fee Supplement").

A-MGM, being the manager of A-REIT, is considered an interested person of A-REIT for the purpose of Chapter 9 of the Listing Manual and an "interested party" of A-REIT for the purpose of guidelines relating to interested party transactions under the Property Fund Guidelines. Accordingly, the Proposed Development Management Fee Supplement and Retrospective Development Management Fee Supplement will constitute "interested person transactions" under Chapter 9 of the Listing Manual and "interested party transactions" under the Property Fund Guidelines and will be subject to approval by the Unitholders. In compliance with these requirements, the Manager is seeking Unitholders' approval for the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement.

We, Deloitte & Touche Corporate Finance Pte Ltd ("DTCF"), have been appointed as independent financial adviser to the Independent Directors in respect of the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement and this letter sets out our evaluation.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement is on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders. The Property Funds Guidelines require that we make our assessment based on the impact of this agreement on A-REIT on an overall basis and that we draw Unitholders' attention to any possible disadvantages of the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement.

We were neither a party to the negotiations entered into in relation to the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into these transactions.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement. All such evaluations, advice, judgements or comments remain the sole responsibility of the Directors and their advisers. We have however drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of A-REIT. We do not express any view as to the price at which the Units may trade nor on the future value, financial performance or condition of A-REIT as a result of future proposed development projects.

It is also not within our terms of reference to compare the merits of the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement to any alternative transactions that were or may have been available to A-REIT. Such comparison and consideration remain the responsibility of the Directors and their advisers.

We have relied upon the assurances of the Directors who have accepted full responsibility for the accuracy and completeness of the information provided to us. The Directors have confirmed to us that to the best of their knowledge, information and belief, all material information available to them in connection with the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement have been disclosed to us and that such information constitutes full and true disclosure of all material information relating to such transactions and that there is no other information the omission of which would cause any of the information disclosed to us or relied on by us in making our recommendation to be inaccurate, incomplete, untrue or misleading in any material respect. We have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of A-REIT or its development projects.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at the date of this letter. We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the date of this letter that may affect our opinion or factors or assumptions contained herein. Unitholders should take note of any announcements relevant to their considerations of the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement which may be released by the Manager after the date of this letter.

The Manager has been separately advised by its own legal adviser in the preparation of the Circular other than this letter. We have had no role or involvement and have not provided any advice whatsoever in the preparation, review and verification of the Circular other than this letter. Accordingly, we take no responsibility for, and express no views, whether express or implied, on the contents of the Circular except as for this letter.

Our opinion in relation to the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement as set out under Section 6 of this letter should be considered in the context of the entirety of our advice. While a copy of this letter may be reproduced in the Circular, the Manager may not reproduce, disseminate or quote this letter or any part thereof for any purpose, other than for the purpose stated herein, without our prior written consent in each instance.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. As Unitholders will have different investment objectives, we advise the Independent Directors to recommend that any Unitholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

3. DETAILS OF THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

3.1 Principal Terms of the Proposed Development Management Fee Supplement

The Manager proposes to charge a development management fee not exceeding 3.0% of the total project costs incurred in development projects undertaken by the Manager on behalf A-REIT (the "Development Management Fee"). The Manager will reduce the Development Management Fee to less than 3.0% of total project costs in circumstances where market pricing for comparable services is materially lower. For development projects having an estimated total project cost greater than S\$100.0 million, the Trustee and the Manager's Independent Directors will review and approve the quantum of the development management fee.

For the purpose of calculating the Development Management Fee, "total project costs" means the sum of the construction costs, land costs, principal consultants fees, cost of obtaining all approvals for the project, site staff costs, interest costs and any other costs which meet the definition of total project costs and can be capitalized to the project in accordance with generally accepted accounting principles. Further details of components of total project costs are set out in Appendix D of the Circular.

The Development Management Fee will be paid to the Manager in equal monthly instalments over the construction period of each development project, based on the Manager's best estimate of the total project costs and, if necessary, a final payment of the balance amount when the total project costs is finalised. A-REIT shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Development Management Fee by the relevant authorities in Singapore or elsewhere.

3.2 Responsibilities of the Manager In Respect Of Development Management Services

We reproduce below the responsibilities of the Manager in respect of development management services as set out in paragraph 5.1 of the Circular. The Manager is responsible for development management services which include:

- (i) Overall responsibility for the planning, control and monitoring of the progress of the development project from concept to completion to ensure project is completed within the stipulated time, cost and quality.
- (ii) Working closely with the appointed project manager, architect and consultants to carry out relevant value engineering to ensure a cost-efficient building.
- (iii) Reporting to the Trustee on a regular basis in particular on the cost and progress of the project.
- (iv) Representing the Trustee in all site meetings during the construction period, and to advise on any variation works and (where applicable) make appropriate recommendations to the Trustee for consideration.
- (v) Establishing the prospective tenant's real estate requirements, make site selection, negotiate with government authorities on land allocation and conditions.
- (vi) Providing value-add inputs on the concept and schematic plans by engaging the Trustee's service providers namely property managers and marketers and involving the Manager's asset managers, to ensure an efficient, functional and marketable end product.
- (vii) Liaising with the prospective tenant for acceptance of concept and schematic plans and building specifications.
- (viii) Establishing and ensuring agreement with prospective tenant on the overall milestones for the delivery of the development project.
- (ix) Finalising with the prospective tenant the architectural schematic plans/specifications for use as the basis for calling of tender(s).

The Manager will, in meeting the above-mentioned obligations, engage Ascendas Land Singapore Pte Ltd ("ALS"), a member of the Ascendas Group, as the development management service provider. The Manager intends to leverage on the expertise of ALS, which has a professional team of property development personnel who have been involved in development projects in Singapore for the last sixteen years. ALS will be paid by the Manager and not A-REIT for the services rendered. The Manager, will however, remain at all times responsible for the above-mentioned obligations.

4. EVALUATION OF THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

In reaching our recommendation in respect of the Proposed Development Management Fee Supplement, we have given due consideration to the following factors:

- (1) Rationale for the Proposed Development Management Fee Supplement;
- (2) Comparison of the Development Management Fee with development management fees payable by selected property funds and real estate investment trusts (“REITs”) that are listed on selected Asia-Pacific stock exchanges;
- (3) Comparison of the Development Management Fee with the development management fees payable by selected property funds and REITs that are managed by entities that are part of the Macquarie Goodman Group; and
- (4) Selected other relevant factors.

4.1 Rationale for the Proposed Development Management Fee Supplement

The full text of the Manager’s rationale for the Proposed Development Management Fee Supplement is set out in paragraph 5.2 of the Circular. We reproduce below salient points of the Manager’s rationale.

“The Manager intends to complement its existing strategy of organic growth, acquisition growth and employing appropriate debt and equity financing policies by implementing a new strategy of undertaking development activities, subject to the limit imposed by the Property Funds Guidelines¹.

- (1) *Unlike outright acquisitions of income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The gestation period, (i.e. from the time taken between identification of development opportunities and the confirmation of a deal) may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the development management process may typically take 18 to 30 months depending on the size of the project. In contrast, the time frame for outright acquisitions may be as short as three to four months from the initial inspection until the completion of the acquisition.*
- (2) *In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers and the relevant authorities. The amount of services rendered for a development project (as described in paragraph 5.1 above) is significantly more than the amount of services rendered for an acquisition.*
- (3) *Furthermore, not all development opportunities may result in confirmed development projects. Any costs incurred during the period when the Manager identifies a development opportunity to the time when confirmation of the project is sought (ie. the pre-construction phase) will be borne by the Manager, if such confirmation of the development project is not obtained.*
- (4) *The Manager believes that having a development strategy is beneficial to Unitholders as development projects can potentially provide greater returns compared to outright acquisitions of income-producing properties and thus improve the net asset value of A-REIT’s portfolio and provide growing distributions to Unitholders.”*

¹ Under the Property Funds Guidelines, A-REIT’s investment in development projects is limited to 10.0% of A-REIT’s deposited property. The value of A-REIT’s development projects is based on the total contract value of property development activities undertaken and investments in uncompleted property developments.

4.2 Comparison of the Proposed Development Management Fee with development management fees payable by selected property funds and real estate investment trusts that are listed on selected Asia-Pacific stock exchanges

We have considered publicly available information for property funds and REITs that are listed in Singapore, Hong Kong, Australia and New Zealand. Australia and New Zealand were selected primarily due to their developed property fund and REITs markets. Based on our research of public information, we note that property funds and REITs listed in Singapore and Hong Kong do not currently have any disclosed development management agreements or arrangements with either their interested persons or third parties. In contrast, property funds and REITs listed in Australia and New Zealand do have development management agreements or arrangements with interested persons.

We present in the table below, information on selected property funds and REITs listed in Australia and New Zealand that have development management agreements or arrangements. The list of property funds and REITs presented in the table below is for illustration purpose only and is by no means exhaustive.

Name of Property Fund or Trust	Principal Activities	Market Cap ⁽¹⁾ (S\$ Million)	Total Assets ⁽²⁾ (S\$ Million)	Fee	Scope
Property Funds or Trusts that use Total Project Costs as basis for calculation of Development Management Fees					
Macquarie Goodman Wholesale Fund ⁽³⁾	It is a property fund with a quality portfolio of which includes business parks, industrial estates and warehouse/distribution centres	Not Available	Not Available	3% of total project costs ⁽⁴⁾ services	Development management
Macquarie Goodman Property Trust	Property Trust that invests in, manages and develops portfolio of diversified property assets in Auckland. Its assets include office parks, industrial estates, business parks and warehouse/distribution centres	1,067.4	1,165.6	3% of total project costs services	Development management
Challenger Diversified Property Group	Property trust established to invest in a diversified portfolio of Australia property assets. It currently holds investment interests in 24 offices, industrial and retail properties located across Australia.	706.5	846.5	Scaled development or construction management fee on value of project costs as follows: <ul style="list-style-type: none"> • 5% for the first A\$500,000; then • 4% for A\$500,001 up to A\$3,000,000; then • 3% in excess of A\$3,000,001 	Development and construction management services
Trinity Group (formerly known as Trinity Consolidated Group) ("TCG")	TCG comprises a trust, the Trinity Consolidated Trust (the "Trust"), and a company, the Trinity Consolidated Group Limited (the "Company"). The Trust's activities involve direct and indirect property investment whilst the Company's operations will focus on property management and development and funds management. TCG invests in commercial, retail and industrial property in Australia.	749.6	437.1	4% of the project's total development cost	Development management services including provision of deal summary. The deal summary includes project description, milestones for acquisition, construction, completion and sale and a preliminary project feasibility analysis and investigation budget. The development manager will also provide preliminary legal advice, marketing support, administration, office and initial accounting services and financial structuring advice.
Tishman Speyer Office Fund ⁽⁵⁾	Property trust which invests in and manages a diversified portfolio of office properties in the United States.	1,137.6	1,445.6	Typically 3.5% of total development costs (plus reimbursables) for US development projects. The fees varies based on factors such as location and is negotiated on an individual basis for each development.	Development management services

Name of Property Fund or Trust	Principal Activities	Market Cap ⁽¹⁾ (S\$ Million)	Total Assets ⁽²⁾ (S\$ Million)	Fee	Scope
Property Funds or Trusts that use Total Project Costs as basis for calculation of Development Management Fees					
Reckson New York Property Trust ⁽⁵⁾	Property trust which invests in office properties in New York Tri State area in the United States.	387.2	376.4	3.5% of the cost of improvements (including costs for labour material but excluding financing costs)	Provides construction management, supervisory and other construction related services to owner including monitor, review, coordinate and oversee the construction of tenant improvements required by any leases for space at the property and all other ongoing and future development, construction, restoration, expansion, alteration and capital improvement projects at the property.
			High	4%	
			Low	3%	
			Median	3.5%	
A-REIT	Singapore based industrial REIT which invests in business and science parks, hi-tech industrial, light industrial, and logistics and distribution centers.	3,562.1	3,307.08	Up to 3% of total project costs ⁽⁶⁾	Development management services including deal sourcing and structuring, project planning, control and monitoring from conception to completion, liaising with project manager, architect and consultants and analysis and investigation budget.
Property Funds or REITs that use Construction Costs as basis for calculation of Development Management Fees					
ING Industrial Fund	Property trust which invests, leases and manages industrial distribution centers, offices and warehouses in Australia.	3,320.4	5,350.4	Up to 2% of the construction costs	Full services development management ⁽⁷⁾
Mirvac Industrial Trust ⁽⁵⁾	Australia registered managed investment scheme, which invests in a portfolio of quality industrial real estate assets located in or around the Greater Chicago region and in Grand Rapids, Michigan.	492.2	1,177.3	5% of all costs above US\$100,000 (excluding land and financing expenses)	Development, construction management and tenant improvement services

Notes:

1. Market Capitalisation as at 24 May 2007.
2. Total assets based on latest announced financial results.
3. Macquarie Goodman Wholesale Fund is an unlisted property fund based in Australia.
4. Based on information provided by the Manager, total project costs includes land acquisition price and associated costs (including stamp duty) but excludes financing costs for arrangement where the development management agreement is purely a service agreement, without any profit sharing arrangement.
5. Tishman Speyer Office Fund, Reckson New York Property Trust and Mirvac Industrial Trust are property trusts or funds listed in Australia with properties located in the United States.
6. This is the Development Management Fee proposed subject to the Development Management Fee Supplement. The Manager will reduce the Development Management Fee to less than 3.0% of total project costs in cases where market pricing for comparable services is materially lower. In addition, when the estimated total project cost is greater than S\$100.0 million, the Trustee and the Manager's Independent Directors will first review and approve the quantum of the development management fee.
7. ING Industrial Fund's provides full services development management, which includes development management and project management. A separate development management fee has not been disclosed in documents reviewed by us.

Based on table above, we note the following:

- (i) Six of the eight property funds or REITs use total project costs as a basis for calculation of development management fees. Five of the six funds that have their development management fees based on total project costs (“Comparable Property Funds”) provide development management services whereas Recksons New York Property Trust provides construction management services.
- (ii) Two of the eight property funds or REITs, namely ING Industrial Fund and Mirvac Industrial Trust use construction costs as a basis for calculation of development management fees.
- (iii) The Development Management Fee of up to 3.0% of total project costs is comparable to the range of development management fees based on total project costs paid by the Comparable Property Funds.
- (iv) Four of the eight property funds or trusts are industrial funds. Two of the four property funds or trusts (“Comparable Industrial Property Funds”) use total project costs as a basis for calculation of development management fees. The Development Management Fee of up to 3.0% of total project costs is in line with or lower than the minimum fees of 3.0% of total project costs paid by the Comparable Industrial Property Funds.

We would like to highlight that, details of roles and responsibilities of the development managers for the property funds and trusts listed in table above are not publicly available. Differences in roles and responsibilities of the development manager, in addition to factors such as geographical location, nature, size, complexity of the developments and regulatory environment could be a reason for the differing fee structures.

4.3 Comparison of the Proposed Development Management Fee with the development management fees payable by REITs or property funds that are managed by entities that are part of the Macquarie Goodman Group

We note from the table set out under paragraph 4.2 above that the Macquarie Goodman Wholesale Fund (“MGWF”) and Macquarie Goodman Property Trust (“MGPT”), funds are managed by companies that are part of the Macquarie Goodman Group and have each entered into development management arrangements with the Macquarie Goodman Group, which owns 40.0% of A-MGM.

The development management fee payable to the Macquarie Goodman Group for development management services has been agreed at 3.0% of the total project costs. However, MGWF and MGPT have different definitions of total project costs. MGPT includes financing costs in computation of total project costs, but MGWF excludes financing costs in the computation of total project costs in its development management services agreements. Accordingly, we note that Development Manager Fee of up to 3.0% of total project costs is in line with the percentage development management fees received by the Macquarie Goodman Group from property funds managed by it.

4.4 Selected Other Relevant Factors

(i) Development Management Fee Are Success Based

We note that the Manager is responsible for, inter alia, the conduct of feasibility studies, advising on suitability of development sites, preparation of a development brief to the clients and negotiations with government authorities on land allocation and conditions. Further, we note that the Development Management Fee is paid to the Manager progressively over the construction period and no Development Management Fee will be payable should a development project be aborted prior to commencement of construction. Therefore, the Manager bears the upfront risk in respect of the development projects that fail to reach the construction stage.

(ii) Manager’s Willingness To Reduce Development Management Fee

We note that the Manager will reduce the Development Management Fee to less than 3.0% of total project costs in circumstances where market pricing for comparable services is materially lower. This should ensure that the Development Management Fee charged by Manager is consistent with market pricing for comparable services.

We also note that, the Trustee and the Independent Directors would be required to approve the quantum of the development management fee for development projects having total project costs greater than S\$100.0 million. This specific oversight role of the Independent Directors should ensure that the development management fee paid to the Manager for large development projects is commensurate to services provided by the Manager, taking into consideration the nature, scale and complexity of the development project.

5. DETAILS OF THE PROPOSED RETROSPECTIVE DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED

5.1 The Proposed Retrospective Development Management Fee Supplement

The Manager proposes to charge the proposed Development Management Fee for the Giant Project and the Courts Project which were completed in December 2006 and February 2007, respectively. As the acquisition fee is not applicable for development projects and no compensation has been paid to the Manager for the development of the Giant Project and the Courts Project, the proposed Development Management Fee will be charged on these projects retrospectively. The proposed Development Management Fee for the Giant Project and the Courts Project is shown in the table below.

Project Description	TOP Date	Total Project Cost (excluding Development Management Fee)	Proposed Development Management Fee
Giant Project	Completed February 2007	S\$63.5 million	S\$1.91 million
Courts Project	Completed December 2006	S\$44.9 million	S\$1.35 million

We note that the proposed Development Management Fee to be charged by the Manager under the Retrospective Development Management Fee Supplement is 3.0% of total project costs for the relevant projects. This fee is in line with the proposed Development Management Fee payable to the Manager under the Development Management Fee Supplement.

5.2 Rationale for the Proposed Retrospective Development Management Fee Supplement

The Manager's rationale for the Proposed Retrospective Development Management Fee Supplement is set out in paragraph 6.2 of the Circular and reproduced below.

"The Manager believes that the payment of a development management fee for these projects is justified as the Manager has provided the development management services for these developments but no fees have been paid to the Manager for such services. The two completed projects were successfully completed on time and within budget. A-REIT recorded a significant benefit through unrealised capital appreciation on the completed developments. For example, the Courts Project was completed on time in December 2006 for a total cost of \$46.2 million (including the proposed Development Management Fee) and was recently valued at \$60.1 million for an unrealised gain of \$13.9 million (30.0%). The Giant Project was completed on time in February 2007 for a total cost of \$65.4 million (including the proposed Development Management Fee) and was recently valued at \$75.9 million for an unrealised gain of \$10.5 million (16.0%)."

Assuming that development management fee does not accrue in relation to the Courts Project and the Giant Project, the unrealised gains would have been \$15.2 million and \$12.4 million respectively."

6. OUR RECOMMENDATION

In arriving at our recommendation, we have taken into account the factors which we consider have a significant bearing on our assessment of the Proposed Development Management Fee Supplement including:

- (i) the rationale for the Proposed Development Management Fee Supplement;
- (ii) the Development Management Fee is comparable to range of development management fees paid by the Comparable Property Funds;
- (iii) the Development Management Fee is in line with the development management fees paid by the Comparable Industrial Property Funds;
- (iv) the Development Management Fee is in line with the development management fees received by the Macquarie Goodman Group from property funds managed by it;
- (v) the payment terms under the Proposed Development Management Fee Supplement, pursuant to which the Manager will not receive Development Management Fee for development projects that are aborted prior to the commencement of construction; and
- (vi) the willingness of the Manager to reduce the Development Management Fee for certain projects where market pricing for comparable services is materially lower and the procedure requiring the Trustee and the Independent Director approvals for development projects having total project costs greater than S\$100.0 million.

In arriving at our recommendation, we have taken into account the factors which we consider have a significant bearing on our assessment of the Retrospective Development Management Fee Supplement including:

- (i) the fact that acquisition fee is not applicable to development projects and no fee has been paid to the Manager for development management services provided in connection with the developments completed that are the subject of the Retrospective Development Management Fee Supplement;
- (ii) the Development Management Fee charged under the Retrospective Development Management Fee Supplement is in line with the proposed Development Management Fee payable to the Manager under the Development Management Fee Supplement; and
- (iii) the significant benefit accruing to A-REIT through unrealised capital appreciation on the completed developments, which would not arise had these developments not been undertaken.

Having considered the above and subject to the assumptions and qualifications set out herein and taking into account the prevailing conditions as at the date of this letter, we are of the opinion that the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement are on normal commercial terms and will not be prejudicial to A-REIT and its minority Unitholders. Accordingly, we advise that the Independent Directors recommend that the Unitholders vote in favour of the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement.

Our recommendations are addressed to the Independent Directors for their benefit, in connection with and for the purposes of their consideration of the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement. Any recommendations made by the Independent Directors in respect of the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement shall remain their responsibility.

Our recommendation may not be used and/or relied on by any other person for any purpose at any time and in any manner except with our prior written consent in each specific case. Our recommendation are governed by the laws of Singapore and are strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

Deloitte and Touche Corporate Finance Pte Ltd

ANDREW GRIMMETT

Director

APPENDIX D

THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED

The proposed form of the Development Management Fee Supplement is as follows:

- That Clause 1.1 of the Trust Deed be amended by inserting the following definitions of Development Management Fee and Total Project Costs;

“1.1 **“Development Management Fee”** means the development management fee not exceeding 3% of the Total Project Costs incurred in the development project undertaken on behalf of the Trust payable to the Manager pursuant to Clause 15.6;

1.2 **“Total Project Costs”** means the sum of the following:

- construction cost based on the project final account prepared by the project quantity surveyor;
 - land cost including differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included;
 - Principal Consultants Fees includes payments to the project’s architect, civil & structural engineer, mechanical & electrical engineer, quantity surveyor and project manager;
 - the cost of obtaining all approvals for the project;
 - site staff costs;
 - interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles (“GAAP”); and
 - any other costs which meet the definition of total project costs and can be capitalised to the project in accordance with GAAP;”
- That Clause 15 of the Trust Deed be amended by inserting the following clause after Clause 15.5 (numbering determined assuming the previous resolutions are passed):

“15.6 Development Management Fees

The Manager is also entitled to receive out of the Deposited Property a Development Management Fee not exceeding 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust. In addition, when the estimated Total Project Costs is greater than S\$100.0 million, the Trustee and the Manager’s independent directors will first review and approve the quantum of the Development Management Fee.

A Development Project means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Fund Guidelines shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.

Any increase in the percentage of the Development Management Fee or any change in the structure of the Development Management Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors duly convened and held in accordance with the provisions of the Schedule hereto.

Subject to the Property Funds Guidelines, the Development Management Fee shall be paid to the Manager in the form of cash.

The Development Management Fee is payable in equal monthly instalments over the construction period of each development project based on the Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount when the Total Project Costs is finalised. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Development Management Fee by the relevant authorities in Singapore or elsewhere.

For the avoidance of doubt, no Acquisition Fee shall be paid when the Manager receives the Development Management Fee for a Development Project."

- That Clause 19.1 of the Trust Deed be amended by inserting the following clause after Clause 19.1.23
"19.1.24 Provide development management services to the Trust in respect of Development Projects. For the avoidance of doubt, the Manager may at its sole discretion appoint one or more service providers to perform all or some of the development management services provided that the Manager remains at all times responsible for the development management services provided by the service provider(s) and the Manager shall be entitled to the full Development Management Fee notwithstanding the appointment of such service provider(s)."

APPENDIX E

THE PROPOSED RETROSPECTIVE DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED

- That Clause 15 of the Trust Deed be amended by inserting the following clause after Clause 15.6 (numbering determined assuming the previous resolutions are passed):

“15.7 Development Management Fees

Development Management Fee shall be paid in respect of the following Development Projects:

- (i) the Warehouse Retail Facility at Private Lot A1023600 Tampines Avenue 10 in Tampines Industrial Estate; and
- (ii) the Warehouse Retail Facility at Private Lot A1706855 Tampines Avenue 10 in Tampines Industrial Estate.”

In the event the Proposed Development Management Fee Supplement is not passed but the Retrospective Development Management Fee Supplement is passed, the following clauses of the Trust Deed shall be amended:

- That Clause 1.1 of the Trust Deed be amended by inserting the following definitions of Development Management Fee and Total Project Costs:

“1.1 **“Development Management Fee”** means the development management fee not exceeding 3% of the Total Project Costs incurred in the development project undertaken on behalf of the Trust payable to the Manager pursuant to Clause 15.6;

1.2 **“Total Project Costs”** means the sum of the following:

- construction cost based on the project final account prepared by the project quantity surveyor;
- land cost including differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included;
- Principal Consultants Fees includes payments to the project’s architect, civil & structural engineer, mechanical & electrical engineer, quantity surveyor and project manager;
- the cost of obtaining all approvals for the project;
- site staff costs;
- interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles (“**GAAP**”); and
- any other costs which meet the definition of total project costs and can be capitalised to the project in accordance with GAAP;”

- That Clause 15 of the Trust Deed be amended by inserting the following clause after Clause 15.5 (numbering determined assuming the previous resolutions are passed):

“15.6 Development Management Fees

The Manager is also entitled to receive out of the Deposited Property a Development Management Fee not exceeding 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust. In addition, when the estimated Total Project Costs is greater than S\$100.0 million, the Trustee and the Manager’s independent directors will first review and approve the quantum of the Development Management Fee.

A Development Project means a Real Estate to be built on land that has been approved for development which is held by the Trust, or a property that has not been granted a temporary occupation permit or equivalent by the relevant authorities which is held by the Trust. A Development Project does not include activities involving refurbishment, retrofitting and renovations.”

NOTICE OF UNITHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that an Unitholders' Meeting of Ascendas Real Estate Investment Trust ("A-REIT") will be held at East India Room (Level 1), Raffles Hotel, 1 Beach Road, Singapore 189673 on 28 June 2007 at 3.00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. THE GENERAL MANDATE TO ISSUE UNITS IN A-REIT

That:

- (a) approval be and is hereby given for the general mandate to be given to the Manager for the issue of new units in A-REIT ("**Units**") in the financial year ending 31 March 2008 for up to 50.0% of the number of Units in issue as at 31 March 2007 (which is the end of A-REIT's last financial year), of which the aggregate number of new Units issued other than on a pro-rata basis to existing Unitholders ("**Unitholders**") shall not be more than 20.0% of the number of Units in issue as at 31 March 2007 (the "**General Mandate**"); and
- (b) Ascendas-MGM Funds Management Limited, as manager of A-REIT (the "**Manager**"), any director of the Manager ("**Director**") and HSBC Institutional Trust Services (Singapore) Limited, as trustee of A-REIT (the "**Trustee**") be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or (as the case may be) the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the General Mandate.

EXTRAORDINARY RESOLUTION

2. SUPPLEMENTING THE TRUST DEED WITH THE SPV SUPPLEMENT

That:

- (a) approval be and is hereby given to supplement the trust deed constituting A-REIT (as amended) ("**Trust Deed**") with the SPV Supplement (as defined in the Circular) in the manner set out in **Appendix A** of the Circular; and
- (b) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the SPV Supplement.

EXTRAORDINARY RESOLUTION

3. SUPPLEMENTING THE TRUST DEED WITH THE MANAGEMENT FEE SUPPLEMENT

That:

- (a) approval be and is hereby given to supplement the Trust Deed with the Management Fees Supplement (as defined in the Circular) in the manner set out in **Appendix B** of the Circular; and
- (b) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Management Fee Supplement.

EXTRAORDINARY RESOLUTION

4. SUPPLEMENTING THE TRUST DEED WITH THE DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

That:

- (a) approval be and is hereby given to supplement the Trust Deed with the Development Management Fee Supplement (as defined in the Circular) in the manner set out in **Appendix D** of the Circular; and
- (b) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the entry into the Development Management Fee Supplement.

EXTRAORDINARY RESOLUTION

5. THE RETROSPECTIVE DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

That:

- (a) approval be and is hereby given to supplement the Trust Deed with the Retrospective Development Management Fee Supplement (as defined in the Circular) in the manner set out in **Appendix E** of the Circular; and
- (b) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Retrospective Development Management Fee Supplement.

BY ORDER OF THE BOARD

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

MARY DE SOUZA

Company Secretary
Singapore
8 June 2007

Notes:

1. A Unitholder entitled to attend and vote at the Unitholders' Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a Unitholder.
2. The instrument appointing a proxy must be lodged at the Unit Registrar Office at 3 Church Street, #08-01, Samsung Hub, Singapore 049483 not less than 48 hours before the time appointed for the Unitholders' Meeting.

Notes To Proxy Form

1. A Unitholder entitled to attend and vote at the Unitholders' Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of A-REIT, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies must be deposited at the the Unit Registrar Office at 3 Church Street, #08-01, Samsung Hub, Singapore 049483 not less than 48 hours before the time set for the Unitholders' Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Unitholders' Meeting, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the Unitholders' Meeting regardless of whether they have attended or voted at the Unitholders' Meeting.
10. At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Unitholders present in person or by proxy, or holding or representing one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
11. On a show of hands every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.

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ASCENDAS REAL ESTATE INVESTMENT TRUST

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

PROXY FORM UNITHOLDERS' MEETING

IMPORTANT

1. For investors who have used their CPF monies to buy units in Ascendas Real Estate Investment Trust, this Circular is forwarded to them at the request of their CPF approved nominees and is sent FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name)

of _____ (Address)

being a unitholder/unitholders of Ascendas Real Estate Investment Trust ("A-REIT"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			Number of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			Number of Units	%

or, both of whom failing, the Chairman of the Unitholders' Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Unitholders' Meeting of A-REIT to be held at East India Room (Level 1), Raffles Hotel, 1 Beach Road, Singapore 189673 on 28 June 2007 at 3.00 p.m. and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Unitholders' Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Unitholders' Meeting.

No.	Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For *	Against *	Number of Votes For **	Number of Votes Against **
1.	To approve the General Mandate for the issue of new Units (Ordinary Resolution)				
2.	To approve the SPV Supplement (Extraordinary Resolution)				
3.	To approve the Management Fee Supplement (Extraordinary Resolution)				
4.	To approve the Development Management Fee Supplement (Extraordinary Resolution)				
5.	To approve the Retrospective Development Management Fee Supplement (Extraordinary Resolution)				

* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____

Total number of Units held

Signature(s) of Unitholder(s)/Common Seal



fold along this line (1)

Affix
Postage
Stamp

Ascendas Real Estate Investment Trust

c/o Pamela Chew
Lim Associates
3 Church Street, #08-01
Samsung Hub
Singapore 049483

fold along this line (2)

a-reit

Ascendas Real Estate Investment Trust

75 Science Park Drive, #01-03 Cintech II
Singapore Science Park I, Singapore 118255

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