

Press Release  
20 January 2004



## **A-REIT SEEKS UNITHOLDERS' APPROVAL FOR THE PROPOSED ISSUE OF 160.5 MILLION NEW UNITS TO FUND ACQUISITIONS**

- Announcement of Extraordinary General Meeting to seek Unitholders' approval for the Proposed Issue
- Forecast FY2005 distribution per unit of 8.79 cents per unit<sup>1</sup>, a 7.33 per cent. increase following the completion of Acquisitions and issue of New Units

**Singapore, 20 January 2004** – Ascendas-MGM Funds Management Limited (“**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), wishes to announce that it is convening an Extraordinary General Meeting (“**EGM**”) of A-REIT’s unitholders (“**Unitholders**”) to seek approval for, among other matters, the proposed issue (the “**Proposed Issue**”) of 160.5 million new units (“**New Units**”) in A-REIT. The gross proceeds from the Proposed Issue, estimated to be S\$171.7 million<sup>2</sup>, are intended to be used to partly finance A-REIT’s recently announced acquisitions (“**Acquisitions**”) of Changi International Logistics Centre, IDS Logistics Corporate Headquarters, Siemens Center, Trivec Building and TT International Tradepark (together, the “**Properties**”), for an aggregate amount of S\$285.4 million, with the balance to be funded by debt.

### **Unitholders' Approval at the Extraordinary General Meeting**

A circular (“**Circular**”), dated 19 January 2004, has today been issued to Unitholders by the Manager. The Circular details the Proposed Issue and the approvals sought, together with the details of the Properties, the benefits of the Proposed Issue and the impact on A-REIT. The Circular is also available on A-REIT’s website at [www.a-reit.com.sg](http://www.a-reit.com.sg).

The EGM will be held on 10 February 2004 at 10.00 a.m. at The Auditorium, #02-00 Podium Level, 2 Shenton Way, SGX Centre 1, Singapore 068804.

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<sup>1</sup> Based on the assumptions and subject to the qualifications and sensitivity analysis set out in the A-REIT circular dated 19 January 2004.

<sup>2</sup> Based on the weighted average price of the existing A-REIT units on the Singapore Exchange Securities Trading Limited (“SGX-ST”) for the 30 days prior to and including 19 December 2003 of S\$1.07. The actual quantum of gross proceeds that will be raised from the equity raising will depend on the actual issue price of the new units in A-REIT (“Issue Price”) that is to be determined closer to date of commencement thereof.

The following resolutions will be put to Unitholders at the EGM:

1. Approval of the Proposed Issue of 160.5 million New Units;
2. Approval of the placement of up to 15.4 million New Units to Ascendas Land (Singapore) Pte Ltd ("**Ascendas**"), a substantial Unitholder;
3. Approval of the placement of up to 6.4 million New Units to MGM Singapore Pte. Ltd. ("**MGM Singapore**"), a substantial Unitholder; and
4. Approval of the placement of New Units to the other substantial Unitholders.

### **Equity Fund Raising**

The Proposed Issue will be conducted by way of an equity fund raising ("**Equity Fund Raising**") comprising the placement of 160.5 million New Units by Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd and J.P. Morgan (S.E.A.) Limited ("**Joint Lead Managers and Underwriters**") through:

- a preferential offering of 82.0 million New Units to the Singapore Registered Unitholders<sup>3</sup> on a non-renounceable basis of three New Units for every twenty of the existing units in A-REIT ("**Existing Units**") held as at the Books Closure Date<sup>4</sup> on 16 February 2004 at 5.00 p.m., at the Issue Price ("**Preferential Offering**");
- an offering of 78.5 million New Units, at the Issue Price, by way of:
  - a. an offering of 16.1 million New Units to retail investors in Singapore through the automated teller machines of participating banks; and
  - b. a private placement of 62.4 million New Units to retail and institutional investors ("**Private Placement**").

If the Proposed Issue is approved by Unitholders at the EGM, the Issue Price of the New Units will be determined between the Manager and the Joint Lead Managers and Underwriters closer to 19 February 2004, the currently expected date of commencement of the Equity Fund Raising.

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<sup>3</sup> Unitholders as at the Books Closure Date (defined in note 4 below) other than those whose registered addresses with The Central Depository (Pte) Limited ("CDP") are outside Singapore and who have not, at least five market days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.

<sup>4</sup> Date on which the Transfer Books and Register of Unitholders of A-REIT will be closed to determine the provisional allocations of Singapore Registered Unitholders under the Preferential Offering.

Approval-in-principle has been obtained from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the Proposed Issue, for the Equity Fund Raising by A-REIT and for the listing and quotation of the New Units on the Main Board of the SGX-ST. The SGX-ST’s in-principle approval is not an indication of the merits of the Proposed Issue, the Equity Fund Raising or the Acquisitions.

### **Undertakings from Ascendas and MGM Singapore**

In support of the Equity Fund Raising, the original sponsors of A-REIT, Ascendas and MGM Singapore, have undertaken to:

- a. vote in favour of the resolution for the Proposed Issue; and
- b. take up their respective allocations of New Units under the Preferential Offering and, subject to the requisite approvals being obtained at the EGM, New Units under the Private Placement.

### **Benefits to Unitholders**

The Proposed Issue will benefit Unitholders by delivering increased earnings and distributions, enhancing stability of income and distributions, and diversifying and growing of A-REIT’s properties (refer to Appendix A).

Upon completion of the Equity Fund Raising and acquisition of the Properties, the forecast distribution per unit is 8.79 cents per unit for the financial year ending 31 March 2005, a 7.33 per cent. increase from 8.19 cents per unit based on the existing eleven properties.

Mr Goh Kok Huat, Chief Executive Officer of the Manager, said, “We are committed to delivering attractive yields, stable income and long-term capital growth to our investors. Unitholders will have the opportunity to increase their holdings in A-REIT through the preferential offering of three New Units for every twenty existing units.”

## Proposed Additional Borrowings

In line with A-REIT's capital management strategy, the Equity Fund Raising provides financing of the Properties at an optimal mix of debt and equity while at the same time maintains flexibility to make further property acquisitions through debt.

Mr Stephen Hawkins, Trust Manager of A-REIT, said, "On completion of the acquisition of the properties, A-REIT's gearing is estimated at 27.0 per cent. which is still well below the maximum gearing level of 35.0 per cent. permitted under the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore."

## Advance Distribution

In conjunction with the Proposed Issue, the Manager intends to declare an advance distribution ("**Advance Distribution**") of A-REIT's distributable income for the period from 1 October 2003 to 4 March 2004, the day immediately prior to the expected date of issue of the New Units (5 March 2004). The purpose of the Advance Distribution is to ensure that A-REIT's distributable income derived from investments acquired before the New Units are issued is only distributed in respect of the Existing Units prior to the Proposed Issue.

## Key dates

Last date and time for lodgement of proxy forms	10.00 a.m., 8 February 2004
Date and time of EGM	10.00 a.m., 10 February 2004
<i>If Proposed Issue is approved by Unitholders*</i>	
Last day of trading 'cum' entitlement to participate in the Preferential Offering and the Advance Distribution	11 February 2004
Date on which the Transfer Books and Register of Unitholders will be closed to determine provisional allocations under the Preferential Offering and the Unitholders entitled to the Advance Distribution	16 February 2004

\* Dates are indicative only and are subject to change at the absolute discretion of the Manager.

## Disclaimer

*This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.*

*The value of units in A-REIT ("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.*

## About A-REIT

A-REIT is the first business space and light industrial REIT listed on the SGX-ST. It has a diversified portfolio of 11 properties comprising business park (including science park), light and hi-tech industrial properties in Singapore, with a book value of approximately S\$698 million. These properties house a tenant base of over 300 international and local companies operating in a range of industries and activities, including research and development, life sciences, information technology, engineering and light manufacturing. Major tenants include Biopharmaceutical Manufacturing Technology Centre, Federal Express, Ghim Li Global, Honeywell, Lilly Systems Biology, OSIM International, Teradyne, Ultro Technologies and Venture Corporation.

A-REIT is managed by **Ascendas-MGM Funds Management Limited**, a joint venture between Singapore-based Ascendas Investment Pte Ltd, a related corporation of Ascendas Land (Singapore) Pte Ltd, and Australian-based Macquarie Goodman Industrial Management Pty Limited.

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## Appendix A:

### Benefits to Unitholders

The Manager believes that the Acquisitions and the Proposed Issue will offer Unitholders the following benefits:

- (i) Increased Earnings and Distributions - assuming the successful completion of the Acquisitions by 1 April 2004, A-REIT's forecast distribution per unit for the financial year ending 31 March 2005 will increase by 7.33 per cent. to 8.79 cents per unit<sup>5</sup> compared to 8.19 cents per unit based on the existing eleven properties.
- (ii) Enhanced Stability of Income and Distributions - weighted average lease term to expiry of A-REIT's portfolio will extend to 4.6 years from the current term of 2.9 years based on the existing eleven properties.
- (iii) Competitive Strengths of the Properties - strategic locations in Singapore, strong tenancy profiles and a quality tenant base.
- (iv) Improved Income Diversification - reduce A-REIT's reliance on any one property in its portfolio such that no single property will account for more than 13.1 per cent. of A-REIT's total net property income (as compared to 18.6 per cent. based on the current portfolio comprising the existing eleven properties).
- (v) Enhanced Tenant Base - strengthens A-REIT's tenant base and further enhances its income diversification through the addition of tenants such as IDS Logistics Services Pte. Ltd., Siemens Pte Ltd, TT International Tradepark Pte Ltd and Zuellig Pharma Pte Ltd.
- (vi) Asset Class Diversification - introduce a new asset class, "Distribution and Logistics Centres", to A-REIT's portfolio, broadening A-REIT's ability to offer space to other industry sectors.
- (vii) Growth - contractual stepped rental increases incorporated into the long-term leases at some of the Properties, underpinning future growth in earnings and distributions for Unitholders.
- (viii) Capital Management – facilitate an optimal mix of debt and equity financing that will result in a conservative gearing level that allows for future expansion.
- (ix) Increased Market Capitalisation - market capitalisation of A-REIT is expected to increase from approximately S\$650.6 million to S\$841.6 million based on the unit price as at 15 January 2004. Unitholders are therefore expected to benefit from the anticipated increase in trading liquidity.
- (x) Economies of Scale - enables Unitholders to benefit in the long-term from the Manager's ability to generate cost synergies and enjoy economies of scale.

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<sup>5</sup> Based on the assumptions and subject to the qualifications and sensitivity analysis set out in the Circular.