

Press Release
15 January 2004



A-REIT distributable income exceeds forecast by 17%

The Board of Directors of Ascendas-MGM Funds Management Limited, the manager (“Manager”) of Ascendas Real Estate Investment Trust (“A-REIT”), is pleased to announce that A-REIT has recorded distributable income of S\$11.6 million (or 2.12 cents per unit) for the three-month period from 1 October to 31 December 2003 (the “Period”). This is 17% higher than the forecast in the prospectus dated 5 November 2002.

Summary of A-REIT Results (for three months ended 31 December 2003)

	Actual \$m	Forecast \$m	Variance (per cent)
Net Profit (\$m)	10.9	9.5	15.0
Distributable Income (\$m)	11.6	9.9	17.0

For more details on the financial results, please refer to the A-REIT 3rd Quarter Financial Statements dated 15 January 2004 released on MASNET.

Mr Goh Kok Huat, Chief Executive Officer of the Manager said, “A-REIT has had another excellent quarter: the third quarter results for financial year ending 31 March 2004 reflects a positive and steady performance. We have announced five proposed acquisitions and are expected to require funding for these properties through additional borrowings and an issue of new units in A-REIT. Further information will be provided once we finalise the structure of the equity raising. The equity raising is part of our focus on growing A-REIT and delivering positive returns to unitholders.”

Attractive Yield

Based on the distributable income of 6.16 cents per unit for the nine months ended 31 December 2003, the annualised trading yield is 9.3% based on the IPO price of \$0.88 per unit. Based on the closing price of \$1.15 per unit on 31 December 2003, the annualised trading yield is 7.1%.

A-REIT’s unit price has increased 30.7% from the IPO issue price of \$0.88 per unit to \$1.15 per unit as at 31 December 2003. A-REIT’s unit price has gained 9.5% when comparing the unit price of \$1.05 per unit on 30 September 2003 to \$1.15 per unit on 31 December 2003.

Resilient Portfolio

The Manager is pleased to announce that 39,366 sqm of business and industrial space, representing 16 per cent of the net lettable area in the portfolio has been renewed or leased to new tenants in the three months ended 31 December 2003. These leases represent an annualised rental income of S\$7.4 million. On a portfolio basis, the average occupancy rate of A-REIT's eleven properties is 83.1 per cent for the three months ended 31 December 2003.

For the financial period ending 31 March 2004, 98.4% of forecast gross rental income is based on committed leases in the eleven properties (up from 96 per cent as previously announced in October 2003). Please see separate leasing update dated 15 January 2004 for more details.

Growing Portfolio

In the Period, the Manager has completed the acquisition of Ghim Li building on 13 October 2003 and Ultro building on 30 October 2003. The Manager has recently announced the proposed acquisitions of five other properties listed in Table 1.

Table 1 : Summary of A-REIT's Announced Proposed Acquisitions

	Property	NLA (sqm)	Purchase Price (S\$m)	Property Yield	Announcement Date
1	IDS Logistics Corporate HQ	21,883	50.00	8.27%	20 Nov 2003
2	TT International Tradepark	44,835	92.00	7.87% ¹	21 Nov 2003
3	Trivec Building	22,817	32.00	8.35%	5 Dec 2003
4	Changi International Logistics Centre	39,787	45.60	8.60%	23 Dec 2003
5	Siemens Center	28,377	65.75	8.26% ²	9 Jan 2004
	Total	157,649	285.35		

¹ Calculated based on the initial payment of S\$83.2m upon settlement of the acquisition. The remaining S\$8.8m of the purchase price will be paid at the end of year 3, whereupon the rent paid by T.T. International Tradepark Pte Ltd, the tenant in the property, increases commensurately to S\$7.2m.

² Calculated based on the initial payment of S\$53.5m upon settlement of the acquisition. The remaining S\$12.25m of the purchase price will be paid on the 3rd (\$4.25m), 4th (\$4.25m) and 5th (\$3.75m) anniversaries, respectively.

The proposed acquisitions are expected to require funding through additional borrowings and an issue of new units in A-REIT (“Units”). The Manager has commenced planning (including working closely with the relevant authorities) to undertake an issue of new Units. It is expected that the proposed equity raising will require the approval of A-REIT’s unitholders and it is also currently contemplated that the equity raising will include a preferential offering of Units to existing unitholders. Further information will be provided to the market upon the finalisation of the funding structure.

Future Strategies

The Manager will continue to seek yield-accretive properties which are well-located and offer stability to the portfolio through diversification of tenant and industry mix, extension of lease expiry profile and improvement to the weighted term to expiry of A-REIT.

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This press release should be read in conjunction with the A-REIT Financial Statements Announcement for the three months period from 1 October to 31 December 2003 announced on MASNET.

About A-REIT

A-REIT is the first business space and light industrial REIT listed on the SGX-ST. Including the Ulro Building acquired on 30 October 2003, it has a diversified portfolio of eleven properties comprising business park (including science park), light industrial and built-to-suit 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. Tenants include Biopharmaceutical Manufacturing Technology Centre, Federal Express, Ghim Li Global, Honeywell, Lilly Systems Biology, OSIM International, Teradyne, Ulro Technologies and Venture Corporation, just to name a few. The rental income from the tenants contributes to the stability of A-REIT’s distributions.

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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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 Singapore Exchange Securities Trading Limited ("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.