

Press Release
17 July 2003



A-REIT distributable income above forecast by 13.6 per cent
Net Profit up by 8.7 per cent

17 July 2003, Singapore – 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 A-REIT’s distributable income of \$10.7 million for the three-month period from 1 April to 30 June 2003 (the “Period”) which is 13.6 per cent higher than the IPO forecast. In this Period, the distributable income is 1.97 cents per unit.

Summary of A-REIT Results (for first quarter ended 30 June 2003)

	Actual	Forecast¹	Variance (per cent)
Net Profit (\$m)	9.8	9.1	8.7
Distributable Income (\$m)	10.7	9.4	13.6

For more details on the financial results, please refer to the A-REIT First Quarter Financial Statements released on MASNET on 17 July 2003.

Mr Goh Kok Huat, Chief Executive Officer of the Manager said, “A-REIT has delivered a net profit of \$9.8 million, which exceeds prospectus forecasts by 8.7 per cent in this first financial quarter despite the demanding economic conditions, the war in Iraq and the impact of Severe Acute Respiratory Syndrome (SARS). The Manager has been proactively renewing existing leases and marketing available space at rental rates in line with or above the forecasts stated in the IPO prospectus. In this Period, a ninth property, OSIM HQ Building has been added to A-REIT portfolio. This illustrates the Manager’s commitment to delivering returns to unitholders of A-REIT from the well-managed property portfolio located in choice locations.”

Stable returns

In the portfolio leasing update released on 9 July 2003, the Manager announced that

¹ The extrapolated forecast for first quarter period from 1 April 2003 to 30 June 2003 has been derived on a best estimate basis by the Manager from the forecast stated in the IPO prospectus dated 5 November 2002.

26,422 sqm of business and industrial space, representing 11 per cent of the net lettable area in the portfolio has been renewed or leased to new tenants. These leases represent an annualised rental income of S\$5.5 million. The average gross rentals of the new leases and renewals in business space (including science park), hi-tech industrial space and industrial space of this Period are S\$28.15 per sqm per month, S\$21.25 per sqm per month and S\$15.76 per sqm per month respectively. These average rental rates are in line with the forecasts stated in A-REIT's IPO prospectus. On a portfolio basis, the average occupancy rate of A-REIT's nine properties is 81.2 per cent for the Period.

For the period ending 31 March 2004, 93 per cent of gross rental income is based on committed leases (up from 84 per cent as previously announced in April 2003).

Growth opportunities

The Manager will continue to pursue growth in unitholder returns by organic growth in rents and occupancy within the existing property portfolio as well as seeking new property acquisitions. These acquisition growth opportunities are demonstrated by the completion of the acquisition of OSIM HQ Building in June 2003. This acquisition is expected to provide additional net property income of \$1.81² million and is forecast to increase distribution for A-REIT by 0.33³ cents per unit for the financial year ending 31 March 2004. As the acquisition was only completed on 20 June 2003, only \$74,717.00 has been brought to account in the 30 June 2003 quarterly results.

Attractive Yield

This Period's distribution of 1.97 cents per unit only includes 11 days income for OSIM HQ Building. Based on the distribution of 1.97 cents per unit, the annualised distribution will be 7.90 cents per unit. This represents an annualised distribution yield of 8.3 per cent based on the closing price of \$0.95 per unit on 30 June 2003. Based on the IPO price of \$0.88 per unit, the annualised distribution yield is 9.0 per cent.

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² This figure is derived by extrapolating the projected annual net property income of \$2.32 million. It is for a period of 286 days from 20 June 2003 to 31 March 2004.

³ This figure is derived by dividing the extrapolated additional net property income of \$1.81 million by the units in issue of 545,899,640.

This press release should be read in conjunction with the A-REIT Financial Statements Announcement for the first quarter period from 1 April to 30 June 2003 announced on MASNET.

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.

About A-REIT

A-REIT is the first business space and light industrial REIT listed on SGX-ST. Including OSIM HQ Building, it has a diversified portfolio of nine properties comprising business park (including science park), light industrial and built-to-suit properties in Singapore, valued at approximately S\$644.2 million (as at 20 June 2003). 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, Honeywell, Lilly Systems Biology, OSIM International, Teradyne and Venture Corporation, just to name a few. The rental income from the tenants contributes to the stable distributions to be delivered by A-REIT.

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

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