



areit

Ascendas Real Estate Investment Trust

FY2006/07 1st Quarter Results
13 July 2006

Disclaimer

This Presentation is focused on comparing actual results for the three months ended 30 June 2006 versus actual results in the prior corresponding period (“pcp”). This shall be read in conjunction with A-REIT’s First Quarter Results for the period from 1 April 2006 to 30 June 2006 and Q1 FY2006/07 Financial Statements in the SGXNet announcement.

This presentation 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 and occupancy, 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.

Agenda

- Key highlights
- Financial performance
- Capital and funds management
- Portfolio highlights
- Portfolio diversification
- Going forward

Key Highlights

- 1Q FY06/07 distributable net income of S\$39.6m, up 19.6% on pcp
- DPU of 3.09 cents, up 8.8% on pcp
- Acquired 2 properties for S\$78.0m
- Total assets grew to S\$2.9b in June 06 from S\$2.2b in June 05
- S\$148m of acquisitions pending completion
- Portfolio occupancy 96.1% as at 30 June 06 vs 94.9% at 30 June 05. MTB occupancy was 92.1% vs. 89.8% in pcp

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DPU – 8.8% above pcp

(S\$'000)	Actual ⁽¹⁾ 01/04/06 to 30/06/06	Actual ⁽¹⁾ 01/04/05 to 30/06/05	% Change
Gross revenue	68,042	50,520	35%
Property operating expenses	(17,944)	(11,114)	61%
Net property income	50,098	39,406	27%
Borrowing costs	(8,200)	(4,756)	72%
Non-property expenses	(3,975)	(3,087)	29%
Net income	37,923	31,563	20%
Available for distribution	39,610	33,103	20%
Distribution per unit	3.09	2.84	9%

Note:

(1) Based on 66 properties as at 30 June 2006 versus 43 properties as at 30 June 2005.

Balance sheet

(S\$bn)	As at 30 Jun 06	As at 30 Jun 05
Total Assets	2.9	2.2
Borrowings	1.1	0.7
Net assets attributable to unitholders	1.8	1.4
Aggregate Leverage	38.1%	33.1%
Net asset value per unit	137 cents ⁽¹⁾	123 cents

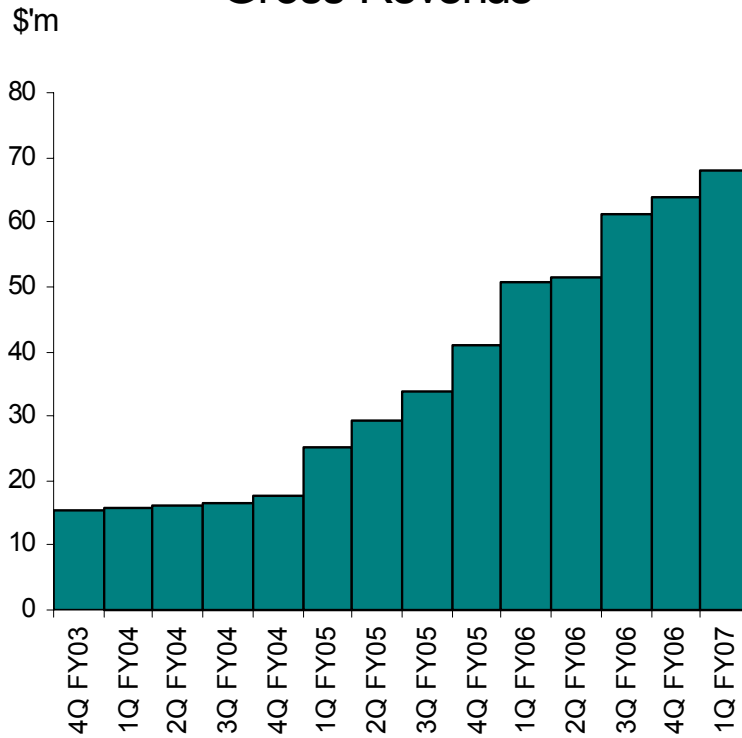
Note:

(1) Based on latest valuation conducted in June 2006 for 64 properties (2 recent acquisitions recorded at purchase price plus acquisition cost).

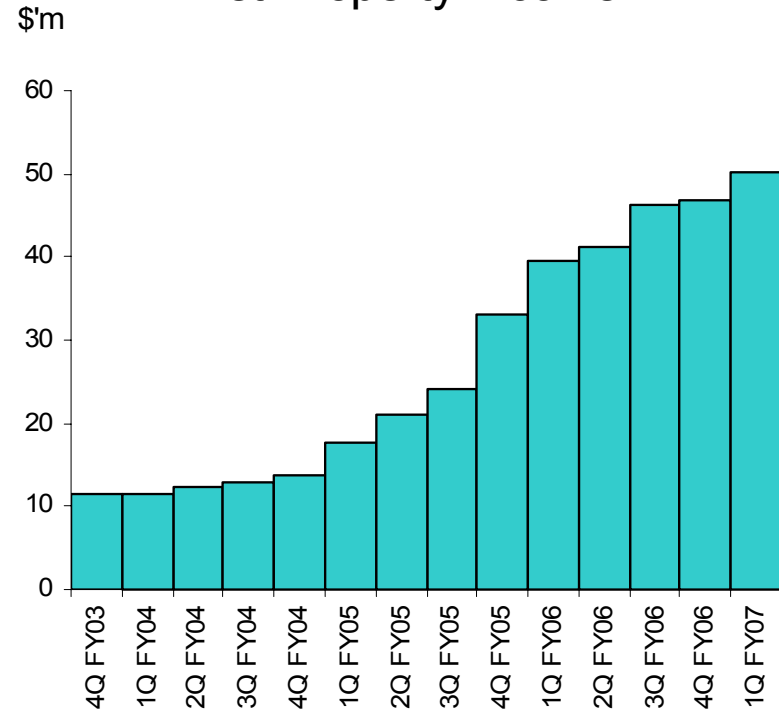
Revenue and NPI growth since IPO



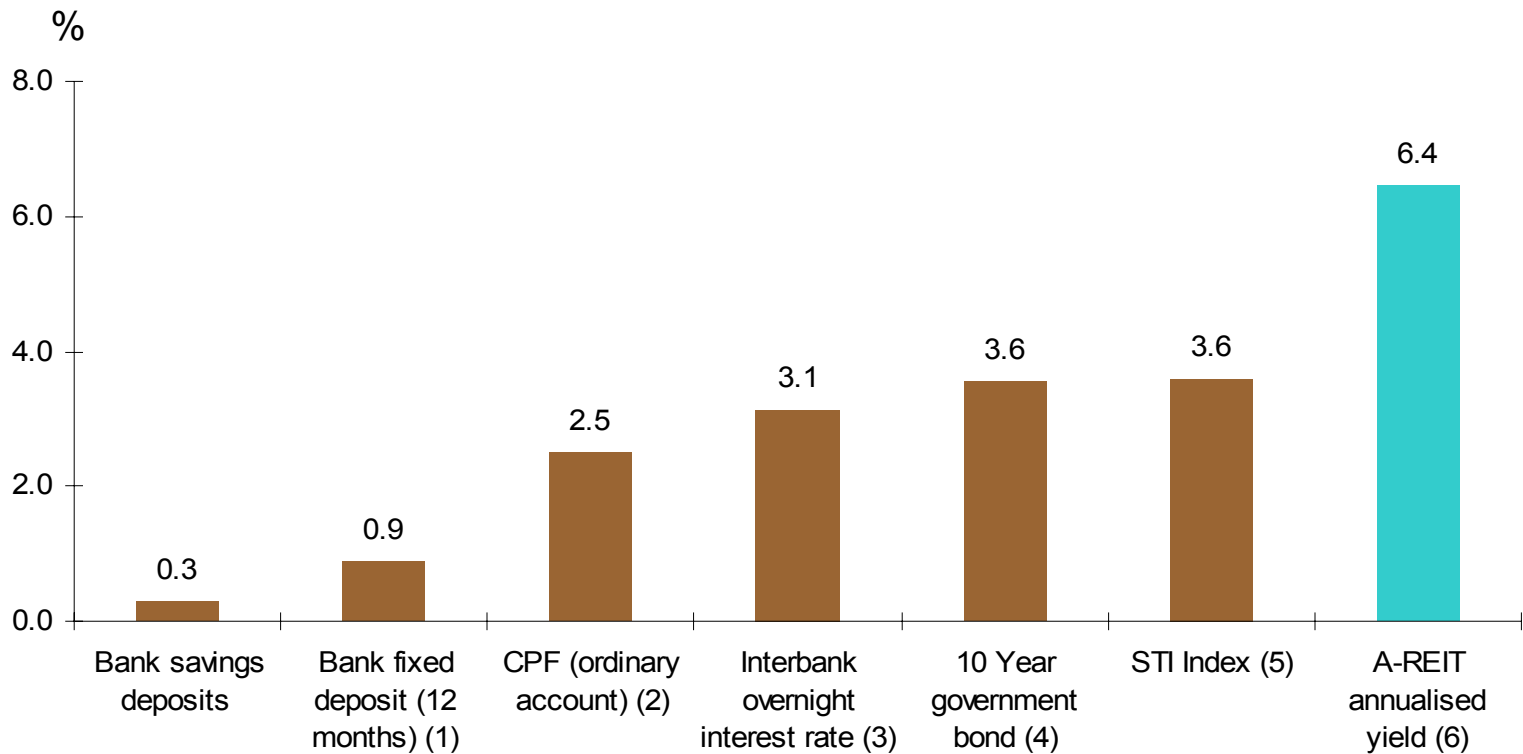
Gross Revenue



Net Property Income



Comparable returns

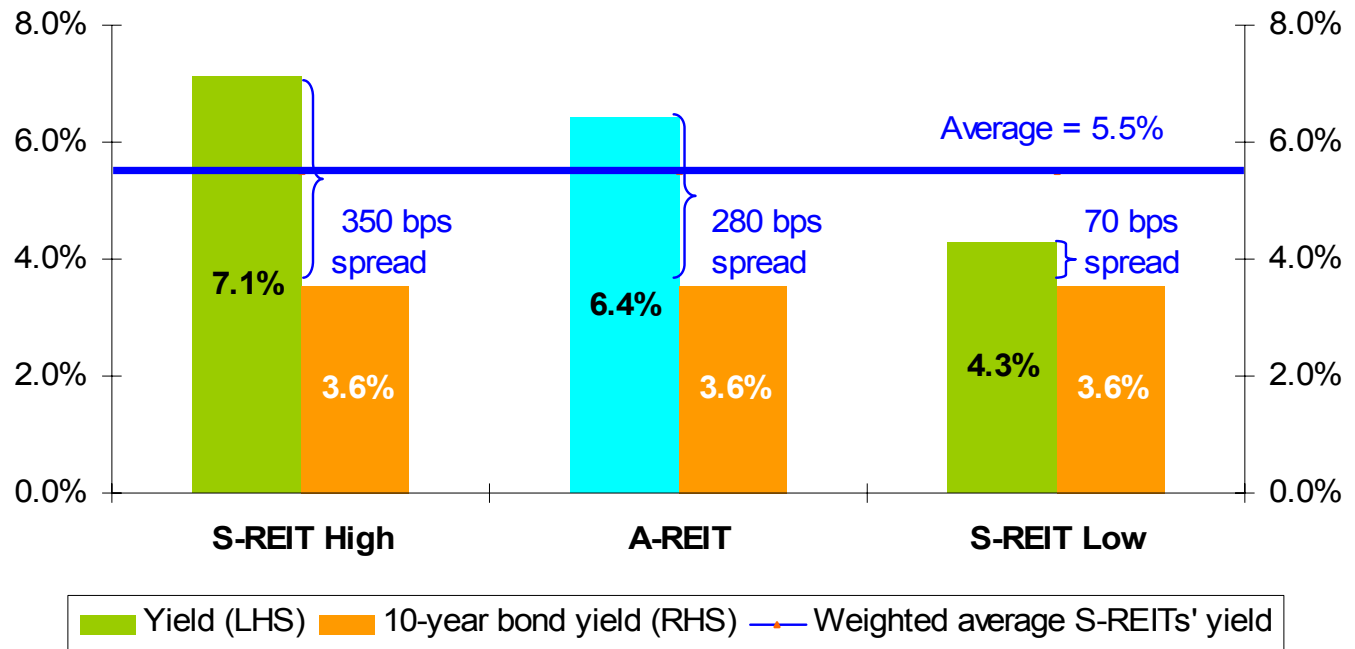


Notes:

- (1) Bank fixed deposit rate (12 months) as at 30 June 2006. Source: MAS website
- (2) Based on interest paid on CPF ("Central Provident Fund") ordinary account from 1 April to 30 June 2006. Source: CPF website
- (3) Interbank overnight interest rate as at 30 June 2006. Source: MAS website
- (4) As at 30 June 2006. Source: Singapore Government Securities ("SGS") website
- (5) Based on Bloomberg data as at 30 June 2006
- (6) Yield based on A-REIT's closing price of S\$1.92 per unit on 30 June 2006 and annualised 1QFY06/07 DPU of 12.36 cents

Yield returns compared to 10-year bond and S-REITs

S-REITs yield range from low of 4.3% to high of 7.1%



Source: IBES Estimates, Bloomberg

Distribution Details

Stock counter	Distribution Period	Distribution per unit (cents)
Ascendasreit	1 Apr 06 to 30 Jun 06	3.09

Distribution Timetable

Notice of books closure date	13 July 2006
Last day of trading on “cum” basis	20 July 2006
Ex-date	21 July 2006, 9.00 am
Books closure date	25 July 2006, 5.00 pm
Distribution payment date	24 Aug 2006

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Capital Management

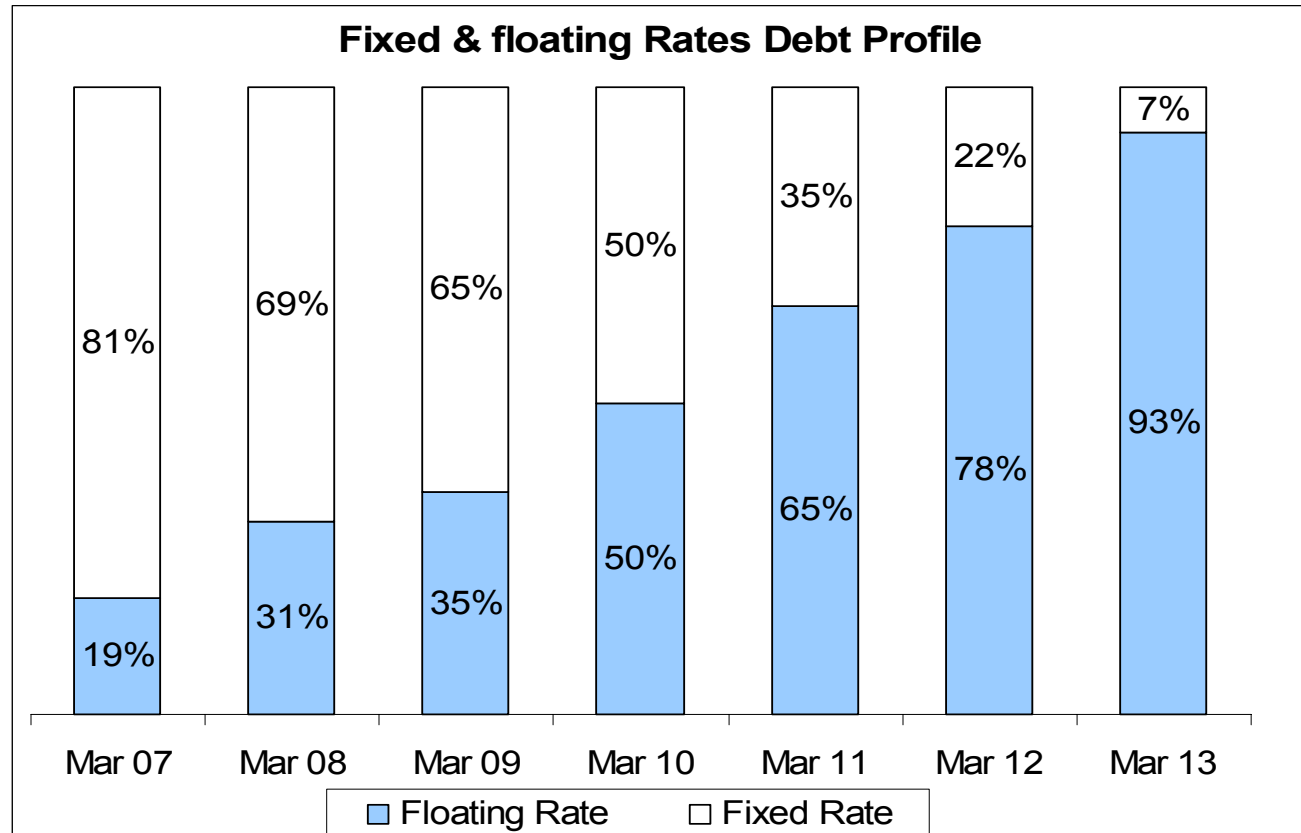
Debt Profile	30 Jun 2006	30 Jun 2005
Aggregate leverage	38.1%	33.1%
Total debt	S\$1,057m	S\$657m
<ul style="list-style-type: none"> Fixed rate debt 	S\$733m	S\$523m
Weighted average all-up funding cost ⁽¹⁾	3.46%	3.00%
Interest cover ratio	6.1 times	7.6 times
Fixed as a % of total debt	81.4%	98.9%
Weighted average term of fixed debt	4.1 years	3.9 years

Note:

- (1) Including margins and weighted swap rates for hedged debt and current floating rates on unhedged debt, and amortisation of CMBS' establishment and annual maintenance costs

Interest Rate Risk Mitigated

- Impact of rising interest rates on DPU is minimal whilst swaps are in place. A 10 basis point increase in floating interest rates would reduce DPU by only 0.015 cents for this financial year, all other things remaining constant.
- Well managed hedging expiry profile to minimize future interest rate risks



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Acquisitions awaiting completion



Properties	Price (\$m)	Expected to complete
LabOne Building	20	Aug 2006
Courts Megastore	62 ⁽¹⁾	Nov 2006
Giant Hypermarket (Cold Storage)	66 ⁽¹⁾	Mar 2007
Total	148	

- (1) Courts Megastore and Giant Hypermarket are 2 warehouse retail projects undertaken by A-REIT. The development cost for Courts Megastore is estimated to be between \$55 million to \$62 million, pending confirmation of the differential premium.

Portfolio Highlights

	As at 30 Jun 06	As at 30 Jun 05
A-REIT Portfolio occupancy (%)	96.1%	94.9%
A-REIT MTB ⁽¹⁾ occupancy (%)	92.1%	89.8%
Total Portfolio renewals/new leases (sqm)	50,279⁽²⁾	33,031⁽³⁾
Total New leases/Expansions (sqm)	14,754⁽²⁾	9,850⁽³⁾
Total Renewals (sqm)	35,525⁽²⁾	23,181⁽³⁾
Weighted Average Lease to Expiry (years)	6.3	7.2

(1) MTB = Multi-tenanted buildings which accounts for about 54% portfolio value

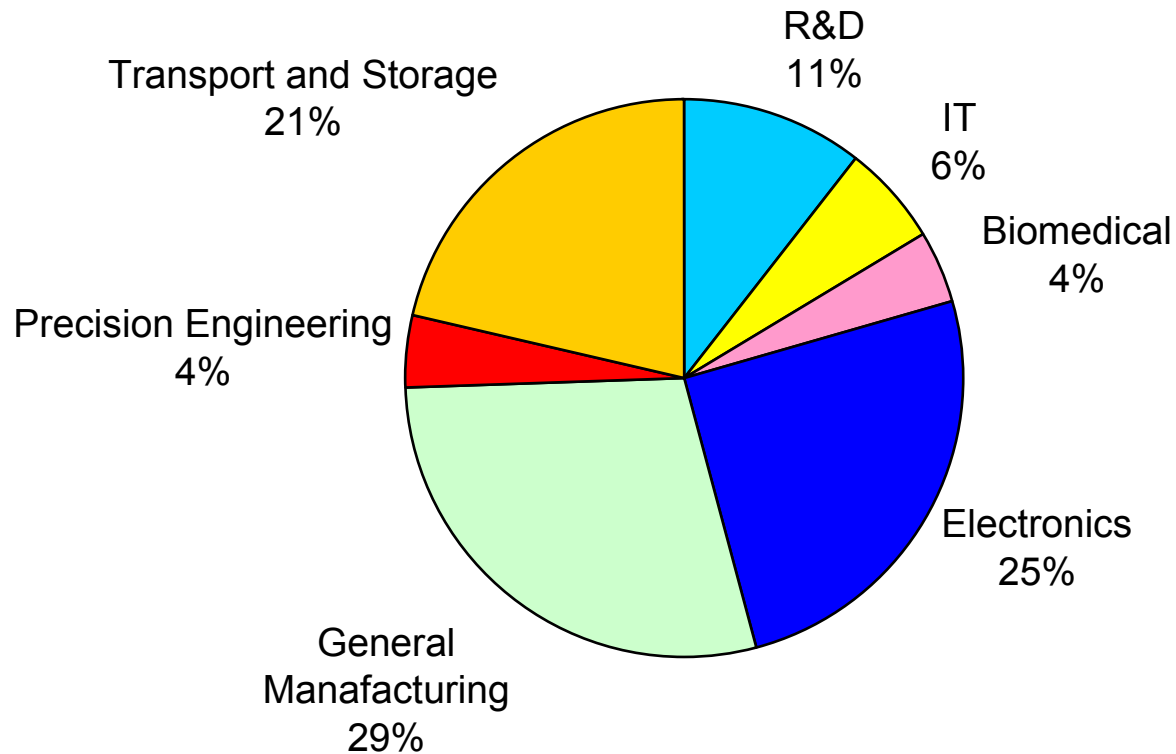
(2) For the 3 months ended 30 June 06

(3) For the 3 months ended 30 June 05

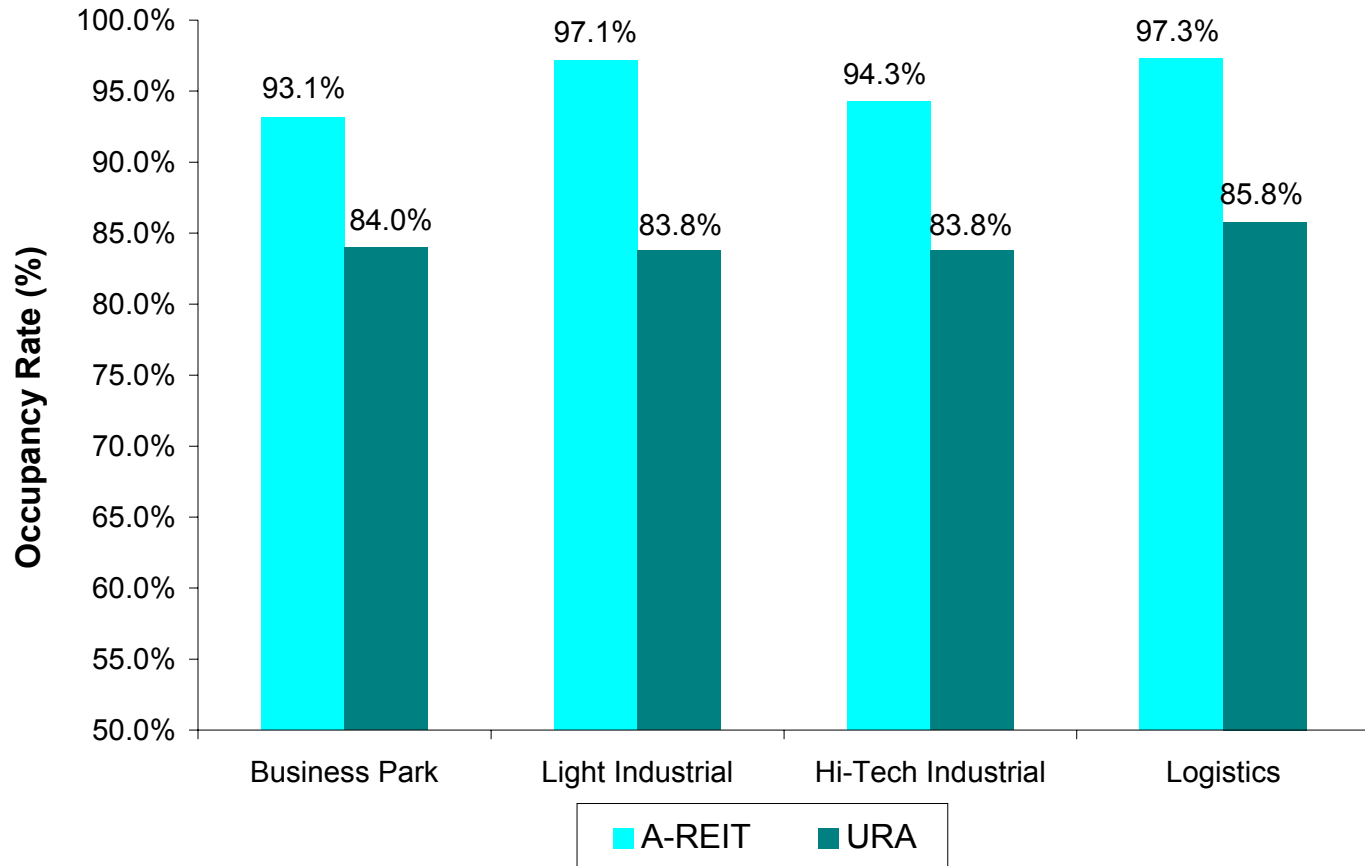
Sources of demand for new leases – broad based



Tenants sector by net lettable area (1Q FY06/07)



A-REIT Portfolio Occupancy Higher Than Market



Source: Urban Redevelopment Authority Official Statistics as at March 2006 www.ura.gov.sg and Ascendas-MGM Funds Management Limited as at June 2006

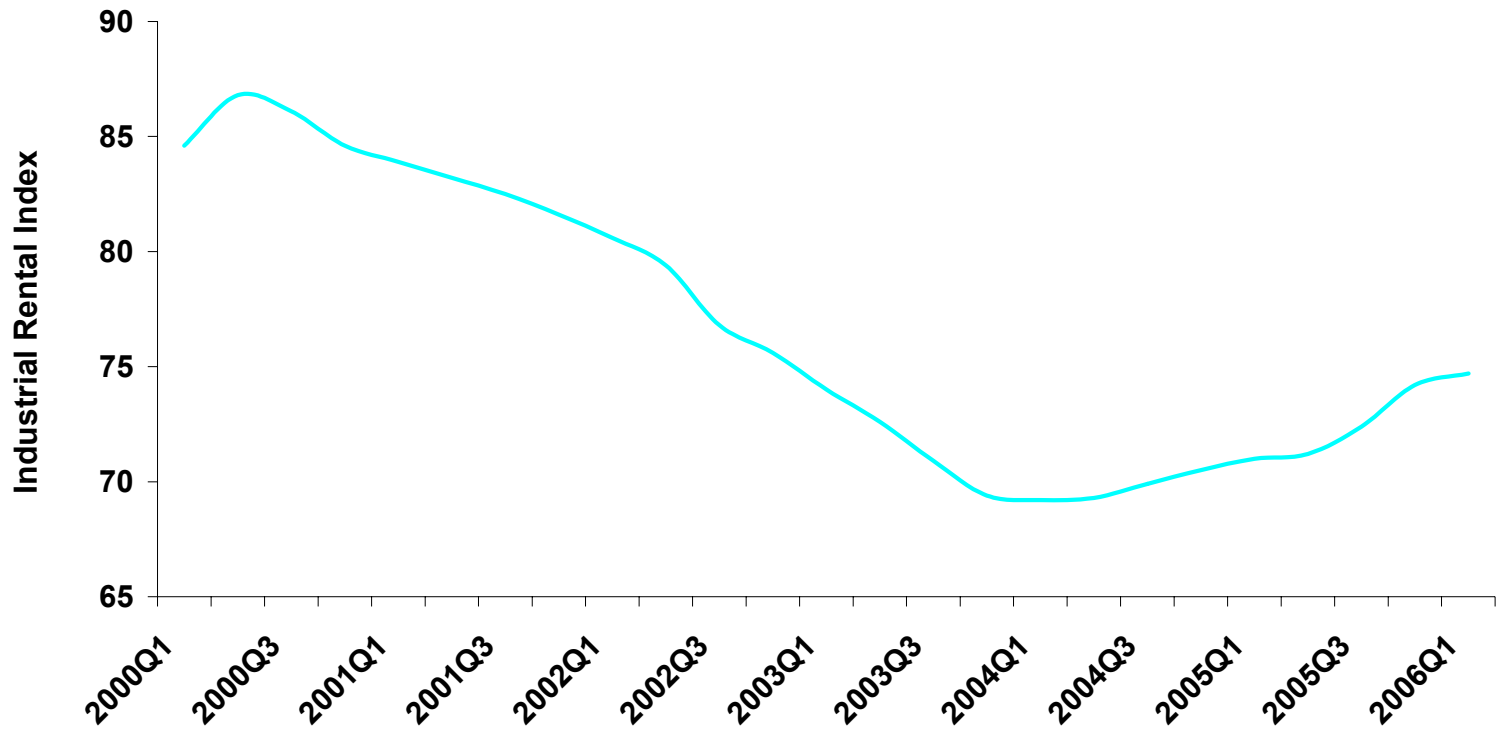
Low Occupancy Buildings Improving



Properties	As at 30 Jun 06	As at 30 Jun 05
The Alpha	86.0%	65.6%
The Gemini	74.3%	66.2%
KA Centre	79.5%	58.3%
KA Place	55.8%	36.2%

URA Industrial Rental Index

Rental index improved by 0.7% in Q1 2006 and by 7.9% since the trough in 2004



Source: Urban Redevelopment Authority: March 06

Organic Growth- Rental Rate Improvements

Built-in Rental Growth

- 46% of portfolio are sale-&-leasebacks
- Incorporates stepped annual rental increases which provides stable growth in earnings

Positive Rental Reversion

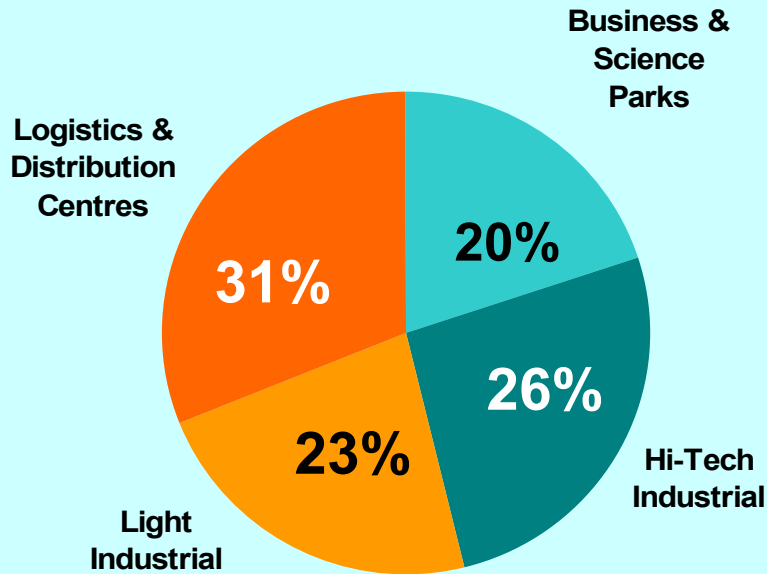
- Balance 54% of portfolio are multi-tenanted buildings where rental rates are marked to market at renewal
- Given recovery in industrial property market, provides upside in earnings from positive rental reversions
- Potential for such reversion greatest for properties in Science & Business Park and Hi-tech portfolio
- Renewal rates achieved in Q1 FY06/07 are about 6-10% above preceding rates
- Rental rates for new leases are also showing growth of between 5% - 8% above that achieved in the previous quarter

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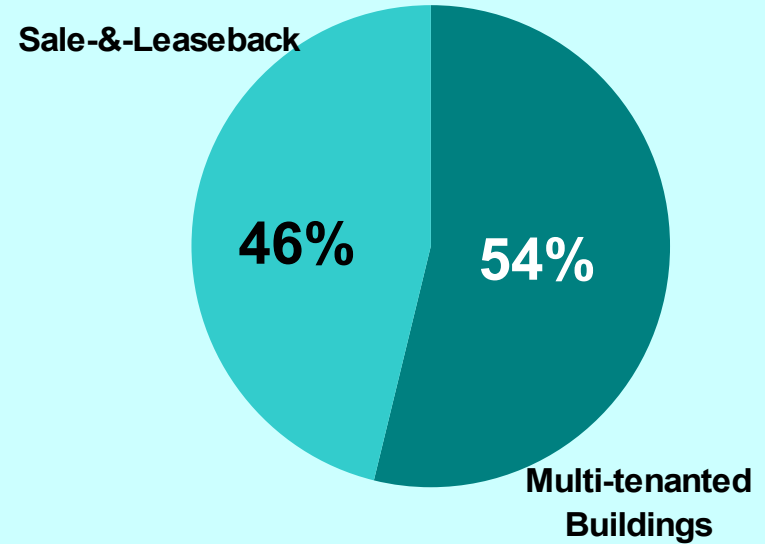
- Key highlights
- Good financial performance
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Portfolio Diversification by Value

**Asset Class
Diversification**

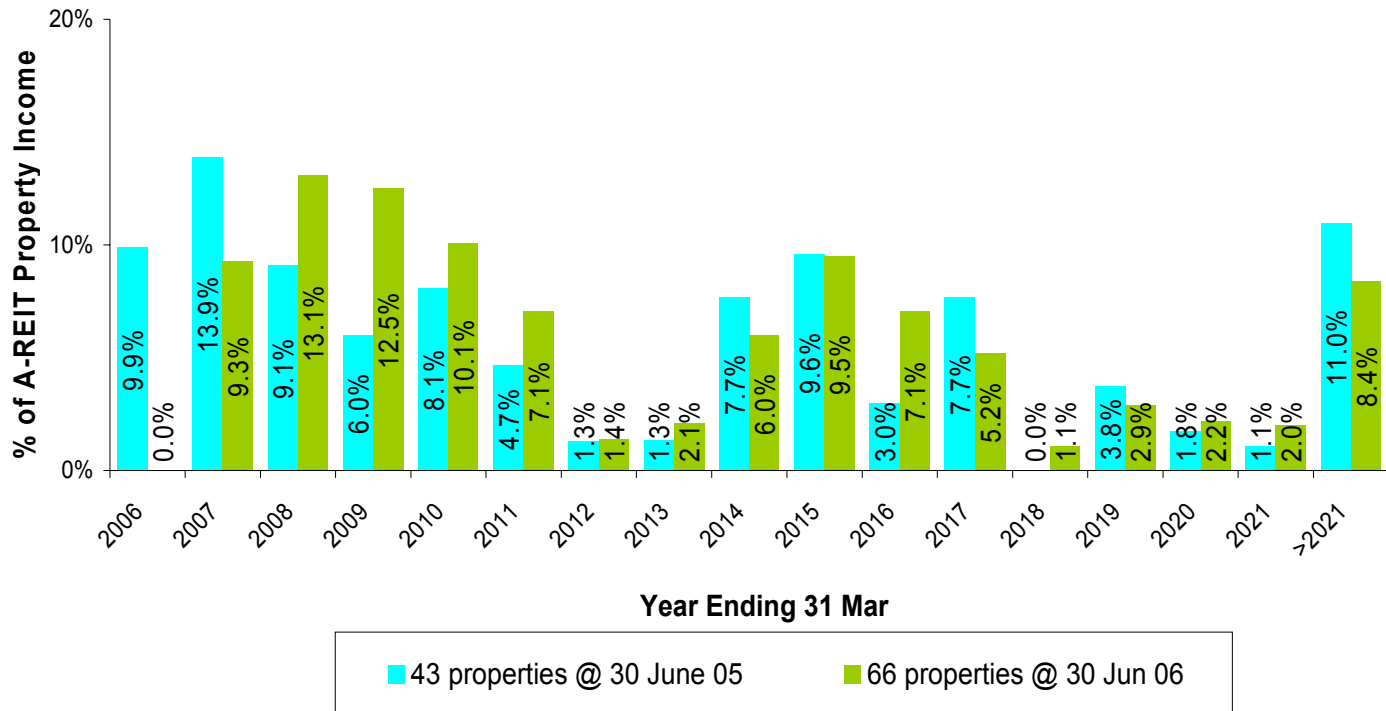


**Mix of Sale-&-Leaseback vs
Multi-tenanted Buildings**



Weighted Average Lease Term to Expiry

The lease expiry profile is well balanced.

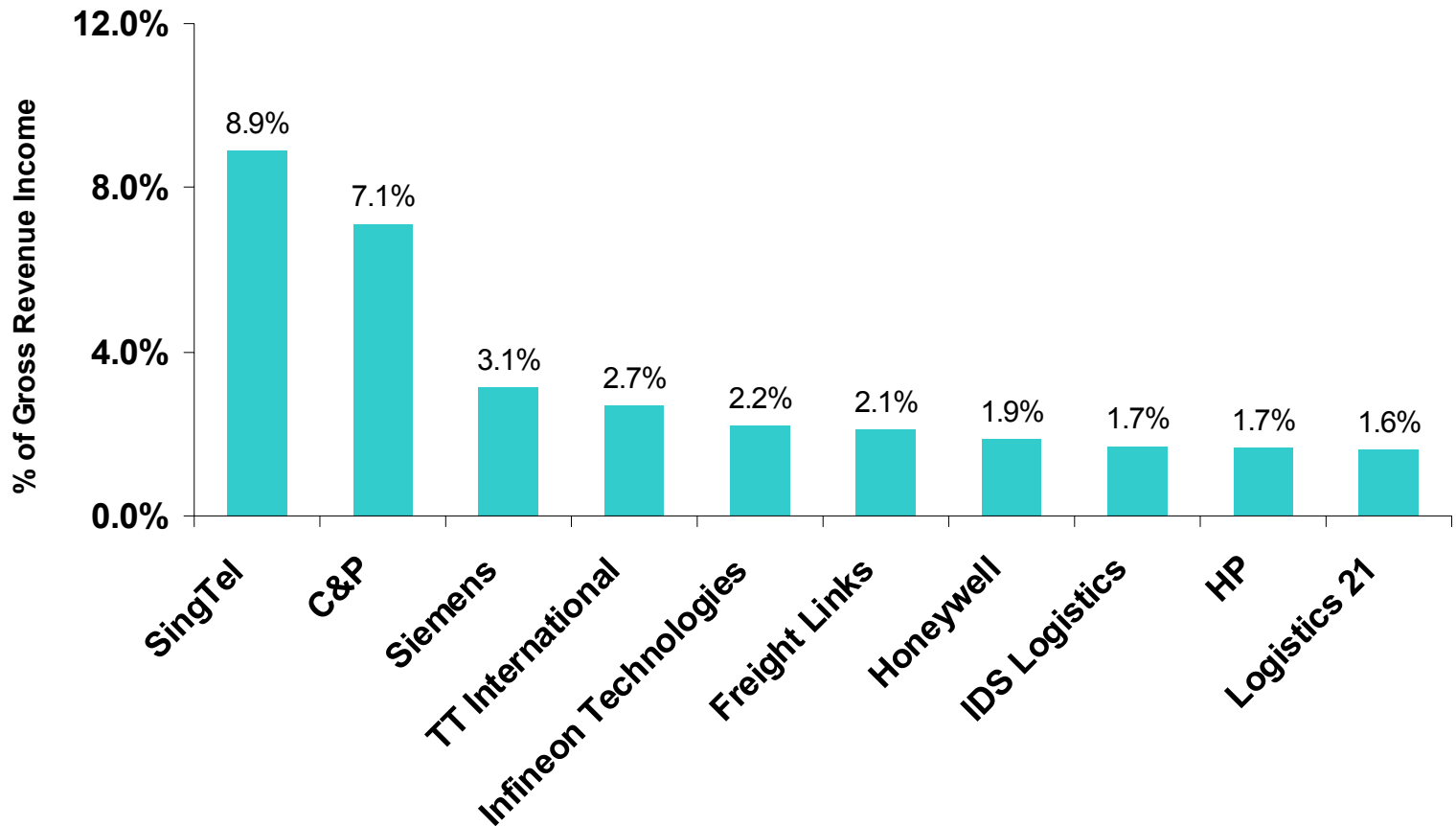


	As at 30 June 2006	As at 30 June 2005
Weighted average lease term to expiry	6.3 years based on 66 properties	7.2 years Based on 43 properties

Reduced Tenant Concentration

Top 10 tenants make up 33.0% of the total portfolio income compared to 43.0% in the prior corresponding period

Top 10 Tenants by Gross Rental Income



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Investment Opportunities

- Active acquisition pipeline of about \$500m
- Healthy Built-to-suit / development pipeline to maximise development capacity (being 10% of total assets, ie \$290m)
- First right over Ascendas' properties in Singapore (about \$400m - \$500m)
- Given increased competition and in line with global trend of capitalisation rate compression, current cap. rate for business space properties is in the range of 6.5% - 7.0%.
- Cap. Rate is still a healthy spread of 250 – 300 bp above marginal cost of borrowing
- Given current market conditions, it is important to balance between short-term acquisition accretion to DPU vs longer term property fundamentals and sustainability of earnings

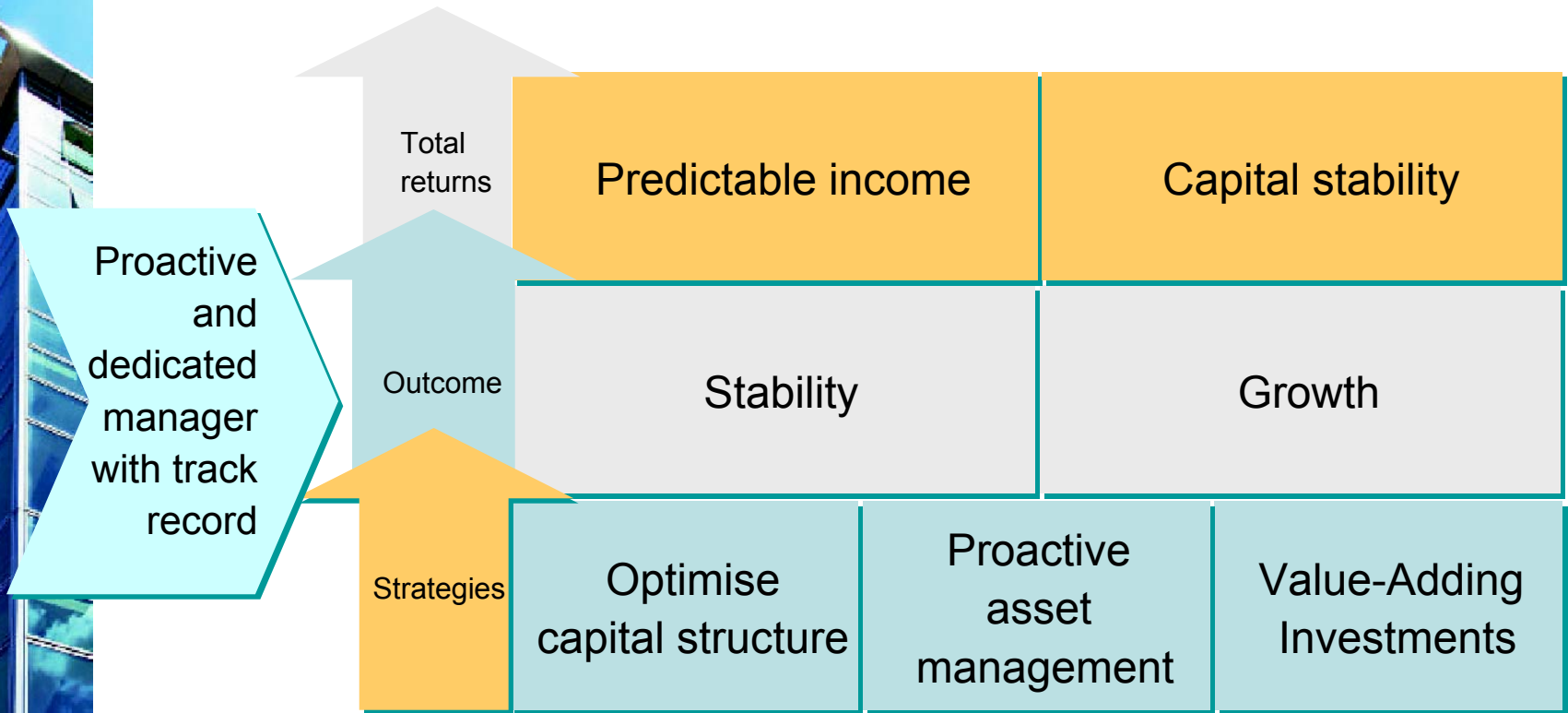
A-REIT's strengths

- **Well diversified:**
 - ✓ **Focus in business space and industrial property sector**
 - ✓ **Four property asset classes**
 - ✓ **Well-located quality properties**
 - ✓ **Balance of long term vs short term leases provides stability and potential for positive rental reversions**
 - ✓ **No single property accounts for more than 6% of Monthly Gross Revenue**
 - ✓ **High predictability in income – currently 9.3% of leases due for renewal for balance of FY06/07, vs 13.4% at start of financial year**

A-REIT's strengths

- **Market leader**
 - ✓ Ascendas has a track record of more than 20 years
 - ✓ Committed sponsors
- **Operational platform**
 - ✓ Dedicated sales/marketing, leasing and property management team of over 80 people
 - ✓ Possess in-depth understanding of this property sector
- **Customer focus**
 - ✓ Track record of customers growing with us
 - ✓ High retention ratio

A-REIT's strategies



A-REIT's strategies

A-REIT will continue to deliver stable returns via:

- **Portfolio organic growth**
 - ✓ Occupancy rates
 - ✓ Rental rates
 - ✓ Cost management
- **Investment pipeline**
 - ✓ Significant opportunities in Singapore
 - ✓ Right of first refusal from Ascendas properties in Singapore
 - ✓ Properties to be sold by JTC
- **Optimising capital structure**
 - ✓ Maintain a long-term optimal gearing of 45%
 - ✓ Continue to optimise interest rate hedging profile

A-REIT offers

- **Size advantages**

- ✓ Market capitalization in excess of \$2bn, ranked 33rd by market cap on Singapore Exchange Securities Trading Limited
- ✓ 19% of S-REIT sector
- ✓ 10% of Asian REIT sector ex Japan
- ✓ Included in major indices
 - MSCI
 - Straits Times Index





Thank you

Important Notice

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