19 February 2003
For Immediate Release

A-REIT's net distributable income exceeds forecast by 5.4 per cent

Singapore, 19 February 2003 - Ascendas-MGM Funds Management Limited, the Manager of Ascendas Real Estate Investment Trust (A-REIT), is pleased to announce its first financial results for the period from 19 November to 31 December 2002. A-REIT's net distributable income to unitholders increased 5.4 per cent to S$4.548 million compared to the forecast of S$4.316 million contained in the Prospectus dated November 2002.

Summary of A-REIT Results
(for financial period from 19 November to 31 December 2002)

	Actual S$'000	Forecast[1] S$'000	Variance S$'000	Variance %
Gross revenue	7,424	7,400	24	0.3
Net property income	5,072	4,918	154	3.1
Distributable income to unitholders	4,548	4,316	232	5.4

A-REIT's net property income increased 3.1 per cent to S$5.072 million compared to the forecast of S$4.918 million.

The increase in distributable income can be attributed to:

- In the short time since listing, A-REIT gross revenue has increased by S$24,000, which reflects the Manager's ability to secure renewals and new commitments at rental rates that are in line or above forecasts in the Prospectus despite current economic conditions;
- The Manager's ability to reduce property operating expenses; and
- The Manager's ability to reduce borrowing costs and minimise other expenses.

[1] As stated in the Prospectus.

Property operating expenses were reduced by pro-active management leading to savings in the following areas:

- Property tax savings were achieved as a result of reduction in Inland Revenue Authority of Singapore (IRAS) assessments;
- Maintenance costs were lower than budget as a result of the Manager's ability to re-tender several term contracts and implement other cost savings; and
- Other costs lower than forecast.

Mr Goh Kok Huat, Chief Executive Officer of the Manager, said, "We are pleased to have outperformed our financial forecasts for this quarter despite current economic conditions. This demonstrates the Manager's ability to deliver and outperform forecast."

Mr Goh attributed the better results to "the strategic locations and quality of A-REIT's properties which have led to an overall average occupancy of 83.9 per cent in December 2002. This result is greater than the occupancy rate of 77.2 per cent for business park and 79.9 per cent for multiple-user factory space across Singapore in the fourth quarter of 2002[(1)]."

Mr Goh added, "Looking ahead, we will continue to manage A-REIT's properties effectively and explore acquisition opportunities to generate stable and increasing returns to A-REIT's Unitholders."

Stable performance despite slow economic conditions

A-REIT successfully secured new and renewed leases for a total of 24,400 sq m, representing approximately 10 per cent of net lettable area in A-REIT's portfolio. In addition, the rental rates committed are in line with or above the forecast in the Prospectus. A-REIT's business space in the central and eastern locations achieved better occupancy levels than competing properties in these same locations.

The average gross rentals of the new and renewed leases in industrial space, business space (science park) and hi-tech industrial space are S$15.77, S$28.17 and S$23.76 per sq m per month respectively.

In December 2002, the occupancy rate across A-REIT's properties was 83.9 per cent which is above the Prospectus forecast average of 82.5 per cent for the five months ending 31 March 2003.

To further demonstrate the stability of income in the forecast period ending 31 March 2004, 80 per cent of Gross Rental Income is based on committed leases compared to a level of 67 per cent at the time of preparation of the Prospectus.

Growth potential

The Manager of A-REIT will provide growth to unitholders via active asset management of the existing portfolio including:

- increasing the occupancy of the existing portfolio;
- superior customer service; and
- asset enhancement.

The potential supply of space over the next few years is concentrated in the west of Singapore, with limited supply in the central area[(1)]. The Manager is evaluating plans to expand Techplace II, increasing gross floor area (GFA) by 24,423 sq m over the next 18 months. There is also stronger than forecast demand for space in Techplace I and II, which are located in Ang Mo Kio (central). The additional GFA is within URA's allowable plot ratio guidelines for Techplace II and hence there will be no additional payment of differential premiums or other capital costs aside from the construction costs of the expansion, professional fees and plan fees if the Manager intends to proceed.

In addition, the Manager is evaluating a number of potential acquisitions to add value to unitholders.

- End -

(1) URA statistics 2002.

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. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

Awards

In December 2002, A-REIT was voted the "Best New Structure Equity Deal" in the Asset Asian Awards 2003 (Triple A) presented by The Asset, Asia's reputable finance magazine. The board of editors in consultation with the market participants recognised that the listing of A-REIT is an important development to the rest of Asia and it has surmounted the difficulties in offering such new structures to the market.

About A-REIT

A-REIT has a diversified portfolio of eight properties comprising business park (including science park), light industrial and built-to-suit properties in Singapore, valued at approximately S$607.2 million (as at 1 August 2002). These properties house a tenant base of more than 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 Bioprocessing Technology Centre, Federal Express, Honeywell, Institute of Microelectronics, Lilly Systems Biology, 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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