

**Press Release**  
**17 October 2006**



**A-REIT reports distributable income of S\$80.1 million  
for the six months to 30 September 2006**

**Highlights:**

1. Distributable income of S\$80.1 million for the six months to 30 September 2006 is 20% above the same period last year.
2. Distribution per unit (“DPU”) of 6.25 cents for the half year is 8.7% higher than last year. DPU of 3.16 cents for the quarter ended 30 September 2006 is 2.3% above 1Q FY06/07.

**Summary of A-REIT Results** (For the six months ended 30 September 2006)

	<b>1H FY 2006/07 Actual</b>	<b>1H FY 2005/06 Actual</b>	<b>Variance (%)</b>
Gross Revenue (S\$m)	137.9	102.1	35
Net Property Income (S\$m)	102.0	80.5	27
Net Income (S\$m)	76.2	64.3	19
Available for distribution (S\$m)	80.1	67.0	20
First half DPU (cents)	6.25	5.75	8.7

**17 October 2006, Singapore** – The Board of Directors of Ascendas-MGM Funds Management Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), is pleased to announce distributable income of \$80.1 million for the six months ended 30 September 2006, an increase of 20% on the same period last year.

Chief Executive Officer of the Manager, Mr Tan Ser Ping said, “We are pleased to report that the sustained economic recovery has continued to positively impact on A-REIT’s latest quarterly results. We see good organic growth resulting from both positive rental reversions from selected sectors and occupancy rate improvements across the portfolio. It is pleasing to note that A-REIT’s occupancy rate has reached its highest level of 97.2% as at 30 September 2006.”

### **Stable Distribution Yield**

A-REIT has recorded a DPU of 6.25 cents for the six months to 30 September 2006. This represents an annualised yield of 5.8% based on the closing price of S\$2.15 per unit on 30 September 2006.

### **Distribution**

A-REIT will pay out a DPU of 3.16 cents for the second quarter on 28 November 2006. This DPU represents an increase of 2.3% over the first quarter of this financial year.

### **Diversified Portfolio**

As at 30 September 2006, A-REIT has a portfolio of 66 properties and a total asset value of about S\$2.96 billion, housing a tenant base of over 740 international and local companies. Since the beginning of the financial year, A-REIT has acquired three properties: Sembawang Kimtrans Logistics Centre, Logistics 21 and LabOne Building for S\$102.0 million (LabOne Building was acquired on 10 October 2006).

In addition, A-REIT has announced four proposed investments, worth in aggregate about S\$180 million that have yet to be completed. Separate warehouse retail facilities are currently being built for Courts (Singapore) Limited and for Cold Storage Singapore (1983) Pte Ltd for its Giant hypermarket operation. These are expected to be completed by November 2006 and March 2007 respectively. A partial build-to-suit facility will be constructed at Plot 15 Changi Business Park with Rohde & Schwarz as its anchor tenant and is expected to be completed in early 2008. A logistic and distribution facility, currently being built by the vendor, Goldin Enterprises Pte Limited, will be acquired for S\$22.5 million in 2008 upon satisfaction of certain conditions precedent.

Along with the listing of new REITs and continued market competition, the environment for acquisitions of income producing properties has resulted in further compression of capitalization rates. However, A-REIT remains committed to pursuing yield accretive acquisitions selectively and increasing the focus on creating our own assets through build-to-suit development projects to achieve enhanced impact on returns.

### **A Well Diversified Portfolio with High Occupancy**

The occupancy of A-REIT's portfolio of 66 properties rose to 97.2% as at 30 September 2006 compared to 95.0% as at 31 March 2006. The occupancy rate for A-REIT's multi-tenanted buildings has also increased to 94.3% for this quarter compared to 91.4% as at 31 March 2006.

In addition, the Manager has successfully renewed and leased a total of 96,790 sqm of space in the first half of the financial year. The weighted average lease term to expiry of A-REIT's portfolio remained stable at 6.1 years as at 30 September 2006. The weighted average land lease tenure to expiry is 52.9 years (freehold land is not included in this computation).

In its focus to provide a total solution to meet the real estate needs of corporations, A-REIT has sustained a well-diversified property portfolio which is spread across a number of sub-sectors, namely, business and science park properties, hi-tech industrial properties, light industrial properties, flatted factory space and logistics and distribution centres and soon to include warehouse retail properties. These sub-sectors are exposed to different segments of the economy and have different growth drivers.

### **Capital Management**

A-REIT has continued its interest rate hedging programme during the quarter by taking advantage of market opportunities to further hedge its interest rate exposure through interest rate swaps.

As at 30 September 2006, 91.8% of A-REIT's debt has been fixed through the use of interest rate derivatives for a remaining weighted average term of 3.97 years. Notwithstanding the high level of fixed rate debt and long weighted average, the Manager has been able to maintain A-REIT's weighted average all-up funding cost at 3.38%, which is below the current three-month Singapore Swap Offer Rate.

### **Outlook for 2006**

In line with the growing economy in Singapore, demand for business & science park space is likely to remain healthy as the Government continues to encourage companies to engage in research and development in Singapore. In addition, a spillover effect from the present tight office supply and rising office rentals leads to increased demand for business park and high specification industrial space.

Given the positive outlook for the economy and the manufacturing sector, the Manager expects to be able to continue delivering on its strategy of providing predictable income and capital stability in the financial year ahead.

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**About A-REIT (www.a-reit.com)**

A-REIT is the first business space and light industrial real estate investment trust (“REIT”) listed on the SGX-ST. It has a diversified portfolio of 66 properties in Singapore, comprising suburban office space (including business park and science park properties), high specifications industrial mixed use properties, light industrial properties, and logistics and distribution centres, with a book value of S\$2.9 billion. These properties house a tenant base of over 740 international and local companies from a range of industries and activities, including research and development, life sciences, information technology, engineering and light manufacturing. Major tenants include SingTel, C&P Logistics, Siemens, TT International, Honeywell, IHPC, Zuellig Pharma, LFD (Singapore), OSIM International, Venture Corporation, Federal Express, Freight Links Express, Johnson & Johnson, RSH, Infineon Technologies, Procter & Gamble, Hyflux and Hewlett-Packard.

A-REIT is listed in several indices. These include the Morgan Stanley Capital International, Inc (MSCI) Index, the European Public Real Estate Association/National Association of Real Estate Investment Trusts (EPRA/NAREIT) Global Real Estate Index and Global Property Research (GPR) Asia 250.

A-REIT is managed by **Ascendas-MGM Funds Management Limited** (in its capacity as manager of A-REIT), a 60:40 joint venture between Singapore-based Ascendas Pte Ltd and Australian-based Macquarie Goodman Management Limited.

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**Important Notice**

The value of 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 of A-REIT 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.

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 other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view on future events.