

Embargoed for release after 5.06 p.m.

Press Release



**A-REIT's 2Q FY 05/06 DPU of 2.91 cents, 25% above prior corresponding period
- cumulative distribution of 3.03 cents per unit to be paid in November 2005**

Highlights:

1. 2Q FY 05/06 distribution per unit ("**DPU**") of 2.91 cents is 25% above prior corresponding period ("**pcp**") of 2.33 cents
2. Net property income of S\$41.1 million is 94% above pcp of S\$21.2 million
3. Gross revenue of S\$51.6 million is 77% above pcp of S\$29.2 million

18 October 2005, 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 that a cumulative distribution of 3.03 cents per unit for the period from 1 July 2005 to 4 October 2005 will be paid on 8 November 2005. The cumulative distribution comprises the DPU of 2.91 cents for the three months ended 30 September 2005 ("**2Q**") and 0.12 cents for the period from 1 October 2005 to 4 October 2005, being the day immediately prior to the date new units were issued under the equity fund raising in September/October 2005.

A-REIT's 2Q FY 05/06 DPU of 2.91 cents is 25% above the prior corresponding period of 2.33 cents. For the six months ended 30 September 2005, A-REIT's DPU is 1% above the DPU forecast of 5.68 cents¹ stated in A-REIT's circular dated 20 September 2005 and 14% above the previous DPU forecast of 5.04 cents² published in A-REIT's circular dated 18 November 2004.

Chief Executive Officer of the Manager, Mr Tan Ser Ping said, "A-REIT's 2Q and half year performance has been supported by recent acquisitions, stable performance by the existing portfolio and lower expenses. We see indications of improvement in rental rate trend as

¹ As derived on the best estimate from the forecast stated in A-REIT circular dated 20 September 2005 (the "Circular").

² As derived on the best estimate from the forecast stated in A-REIT circular dated 18 November 2004.

evident in the Urban Redevelopment Authority statistics. As projected in the recent Circular, A-REIT expects to deliver a DPU of 11.37³ cents for the financial year ending 31 March 2006. “

Regular and stable quarterly distributions

The 2Q DPU of 2.91 cents represents an annualised trading yield of 5.6% based on the closing price of S\$2.08 on 17 October 2005.

Diversified portfolio of 53 properties

As at 30 September 2005, A-REIT had a portfolio of 45 properties with a total book value of \$2.3 billion. On 5 October 2005, A-REIT completed the acquisition of eight properties for an aggregate purchase price of \$180.4 million comprising Hoya Building, LogisHub@Clementi, Techquest, Techview, 1 Changi South Lane, 11 Tampines Street 92, Cityneon Design Centre and NNB Industrial Building, bringing A-REIT’s asset value to \$2.5 billion.

A-REIT has also announced on 5 October 2005, the signing of a put and call option agreement to acquire JEL Centre located at 11 Changi North Way for a purchase price of S\$11.0 million.

Portfolio Management

The occupancy rates of the four multi-tenanted properties acquired on 5 October 2005 have already shown improved occupancy as follows:

	Multi-tenanted properties acquired on 5 October 2005	As at 30 Jun 2005	As at 5 Oct 2005
1	LogisHub@Clementi	52.7%	70.9%
2	Techquest	71.6%	78.0%
3	Techview	87.0%	91.9%
4	Cityneon Design Centre	97.8%	100.0%

Portfolio occupancy as at 30 September 2005 was 94.9% compared to 92.7% in the prior corresponding period. The occupancy rate for A-REIT’s multi-tenanted buildings has also increased to 89.7% as at 30 September 2005 compared to 88.5% in the prior corresponding period.

³ Based on the assumptions set out in the circular dated 20 September 2005.

The Manager has successfully renewed or leased a total of 58,460 sqm of space in the half year to 30 September 2005. This represents 12.9% of the net lettable area in A-REIT's multi-tenanted properties.

The weighted average lease term to expiry of A-REIT's portfolio remained stable at 6.8 years after more multi-tenanted properties were added to the portfolio. A-REIT has a well diversified spread of properties within the four asset classes of business park, high tech industrial, light industrial and logistics, which minimises its reliance on any one property, such that no single property accounts for no more than 9% of gross revenue.

Capital Management

A-REIT recently completed an equity fund raising to raise gross proceeds of S\$240.0 million which were used to partly fund the acquisition of 12 properties, of which nine properties have already been acquired.

As at 30 September 2005, A-REIT had hedged 68.5% of its total debt of \$762.6 million for a weighted average term of 4.1 years. In addition, a two year interest rate cap for \$127.5 million (17% of outstanding debt) is also in place. A-REIT's weighted average funding cost is 2.97% including margins charged on the loans and the amortised / annual costs of A-REIT's CMBS programme. Gearing stands at 32.7% as at 30 September 2005.

In line with Unitholders' approval on 2 November 2004, in respect of all new acquisitions since that date, the Manager has elected to receive its base fee entirely in cash, instead of 50% in cash and 50% in units which is applicable for the first 19 properties.

Prospects

A-REIT expects acquisition opportunities in the Singapore business space, industrial and logistic property sector to continue to contribute to the growth in assets and DPU. In addition, organic growth from the portfolio could be realized through further improvement of the portfolio occupancy rate and potential positive rental reversions given the recovering market and economy. The established track record and proactive management of the Manager will underpin its future performance.

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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 Singapore Exchange Securities Trading Limited (the “SGX-ST”). It has a diversified portfolio of 53 properties in Singapore, comprising business park (including science park), light and hi-tech industrial properties, and logistics and distribution centres, with a book value of S\$2.5 billion. These properties house a tenant base of over 610 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 Group Exklusiv Pte Ltd.

A-REIT is listed in several indices. These include the Morgan Stanley Capital International, Inc (MSCI) Index, the FTSE Global Small Cap Asia Pacific Ex Japan Index Series, the European Public Real Estate Association/National Association of Real Estate Investment Trusts (EPRA/NAREIT) Global Real Estate Index and the Standard & Poor inaugural S&P Asia PowerPicks 2004 portfolio.

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 Goodmann Management Limited.

Important Notice

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 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.

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.