



A-REIT First Quarter FY 2005 Results
Distributable income above forecast by 2.0 per cent

- S\$15.3 million distributable income 2% above forecast stated in circular dated 18 February 2004 (“Circular”)
- A-REIT’s unit price up by 13.4% to S\$1.44 per unit over the period
- Total annualised returns of 19.3% over the period

Summary of A-REIT Results (For the first quarter ended 30 June 2004)

	Actual	Forecast¹	Variance (per cent)
Net profit (S\$'000)	14,370	14,145	2%
Available for distribution (S\$'000)	15,279	15,050	2%
Distributable income per unit (cents)	2.13*	2.12	1%

*Based on the weighted average units on issue of 715.9 million units as at 30 June 2004.

For more details on the financial results, please refer to the A-REIT Financial Statements dated 15 July 2004 released on MASNET.

15 July 2004, Singapore – The Board of Directors of Ascendas-MGM Funds Management Limited (“**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), is pleased to announce that A-REIT’s distributable income of S\$15.3 million for the first quarter ended 30 June 2004 (“**first quarter**”), is 2% above the forecast in the Circular.

Mr Tan Ser Ping, Chief Executive Officer of the Manager said, “The yield-accretive acquisitions and improved occupancy rate in the portfolio have generated positive results for A-REIT in the first quarter. With the scenario that the Singapore market economy will improve further over the next three to six months, and the likely increase in earnings from the acquisitions of Progen Building and C&P Logistics Hub, barring

¹ Forecast stated in the Circular dated 18 February 2004.

unforeseen circumstances, the Manager expects to deliver a distribution per unit in excess of 8.86 cents per unit for the year ending 31 March 2005.”

Delivered Performance

A-REIT has delivered a capital return of 13.4% based on the closing price of S\$1.27 as at 1 April 2004 and the closing price of S\$1.44 as at 30 June 2004. Including the distributable income per unit of 2.13 cents, the total annualised return is 19.3%.

Because of the advance distribution made before the equity fund raising in March 2004, A-REIT has an unpaid distribution of 0.63 cents per unit for the period from 4 March to 31 March 2004. This will be paid out in November 2004 with the half-year distribution for the period from 1 April to 30 September 2004. To-date, the distributable income per unit from 4 March to 30 June 2004 is 2.76 cents.

Enlarged Portfolio

In the first quarter, A-REIT acquired the Nan Wah Building, bringing the total number of A-REIT properties to 17. The acquisition of Nan Wah Building was completed on 31 May 2004, thus only one month’s rental income is included in the first quarter results. A-REIT also announced two more proposed acquisitions, Progen Building on 20 May 2004 and C&P Logistics Hub on 15 June 2004

With the enlarged portfolio of 17 properties, the weighted average lease term to expiry of A-REIT’s portfolio is now 4.7 years compared to 4.6 years as at 31 March 2004.

Resilient Portfolio

The average occupancy rate of the 17 properties is 89.1% in the first quarter, up from 85.2% based on 16 properties in the preceding year. Portfolio occupancy is 89.8% as at 30 June 2004.

The Manager has successfully renewed or leased a total of 26,141 sqm of space during the first quarter. This space represents 5.7% of the total net lettable area and amounts to

S\$5.3 million in annualised gross rental income. The amount of new space (including expansions) taken up is 36% higher than that in the previous quarter.

Portfolio occupancy is well ahead of the Urban Redevelopment Authority's ("URA") occupancy index as follows:

	A-REIT⁽¹⁾	URA⁽²⁾
Business park (including science park)	81.2%	70.8%
Light industrial	87.8%	80.8%
Hi-tech industrial	87.3%	80.8%
Logistics	98.9%	84.7%

⁽¹⁾ For the first quarter

⁽²⁾ As at March 2004

Capital Management

A-REIT has been hedging its exposure to interest rate fluctuations by effecting interest rate swaps. As at 30 June 2004, S\$190 million of interest rate swaps, representing 73.8% of A-REIT's borrowings had been effected at a weighted average term of 2.62 years. A-REIT's average borrowing costs (including margins) and taking into account interest rate swaps was 2.38% as at 30 June 2004.

On 14 July 2004, A-REIT proposed to establish a S\$1 billion multi-currency secured Medium Term Note ("MTN") programme with an initial issuance of S\$300 million AAA-rated Commercial Mortgage Backed Securities ("CMBS") backed by A-REIT's current portfolio of 17 properties. The MTN programme will initially refinance A-REIT's existing bank loans.

As at 30 June 2004, A-REIT's gearing was 23%, well below the 35% gearing limit imposed by the Monetary Authority of Singapore ("MAS") under the Property Funds Guidelines. This allows for the C & P Logistics Hub and Progen Building acquisitions to be funded by cash and available debt facilities.

Rising interest rates will not have a significant impact on A-REIT due to the conservative gearing restrictions of 35% on REITs and the maturity profile of A-REIT's hedges.

Going Forward

The Manager will continue to pro-actively manage the existing portfolio, to acquire yield-accretive properties in Singapore and to optimize its mix of equity and debt financing in support of its asset enhancement and acquisition plans. This three-way strategy approach will enhance the value of the properties, ensure stability through diversification of tenant and industry mix, extend the lease expiry profile, maintain the weighted average lease term to expiry and ultimately, ensure maximum returns.

- End -

This press release should be read in conjunction with the A-REIT 1st Quarter Financial Statements Announcement for the period from 1 April 2004 to 30 June 2004 announced on MASNET.

For enquiries, please contact:

Ho Mei Peng Investor Relations Manager Ascendas-MGM Funds Management Ltd Tel (65) 6774 9152 Mobile (65) 9668 8290 Email meipeng.ho@ascendas-mgm.com	Stephen Hawkins Trust Manager Ascendas-MGM Funds Management Ltd Tel (65) 6774 9690 Mobile (65) 9627 8425 Email stephen.hawkins@ascendas-mgm.com
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About A-REIT (www.a-reit.com)

A-REIT is the first business space and light industrial REIT listed on the SGX-ST. It has a diversified portfolio of 17 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\$1.02 billion. These properties house a tenant base of over 350 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 Siemens, TT International Tradepark, Honeywell, IHPC, Zuellig Pharma, IDS Logistics Services, OSIM International, Venture Corporation, Ultro Technologies, Ghim Li Global and Nan Wah Marketing.

A-REIT is included 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**, a joint venture between Singapore-based Ascendas Pte Ltd and Macquarie Goodman Management Ltd of Australia.

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.