

Press Release  
19 October 2007



**A-REIT reports Second Quarter DPU of 3.51 cents,  
11.1% year-on-year growth over previous comparable DPU of 3.16 cents**

**Highlights:**

1. Distributable income per unit (“**DPU**”) of 3.51 cents represents a 11.1% year-on-year (“**yoy**”) growth over 3.16 cents
2. Gross revenue of S\$80.2 million is 15% above 2Q FY2006/07 of S\$69.9 million
3. Net property income of S\$60.1million is 16% above 2Q FY2006/07 of S\$51.9million

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

	<b>2Q FY 2007/08</b> <b>\$m</b>	<b>2Q FY 2006/07</b> <b>\$m</b>	<b>Variance (%)</b>
Gross Revenue (S\$m)	80.2	69.9	15
Net Property Income (S\$m)	60.1	51.9	16
Net Income (S\$m)	44.8	38.3	17
Available for distribution (S\$m)	46.4	40.5	15
2Q DPU (cents)	3.51	3.16	11
First Half DPU (cents)	6.88	6.25	10
Annualised (based on the six mths to 30 Sept)	13.76	12.50	10

**19 October 2007, 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 a DPU of 3.51 cents per unit for the three months ended 30 September 2007, an increase of 11.1% on the 3.16 cents recorded in the same quarter of the last financial year.

Chief Executive Officer of the Manager, Mr Tan Ser Ping said, “On the back of the positive economic performance and the increasing demand for quality business space, we are

pleased to report a 15.9% year-on-year increase in our net property income to \$118.2 million and a 10.1% increase in our distribution income per unit for the first half of FY2007/08.

The occupancy rate for the portfolio reached a high of 98.3%. Rental rates have also increased by 32% and 15% for Business & Science Parks and Hi-Tech Industrial properties respectively over 1Q FY2007/08. This can be attributed to the spillover effect from the tight CBD office market and our active asset management initiatives.

For instance, enquiries for space at our partial build-to-suit business park development project (HansaPoint) at Plot 15 Changi Business Park have been very encouraging. We are pleased to report that 84% of the space has been pre-committed five months prior to completion with some recent commitments transacted at rental rates above \$3.50 psf pm.

If the positive economic and market conditions are sustained, A-REIT is poised for another year of stable returns for its Unitholders.”

A-REIT will pay out a DPU of 3.51 cents for the three months ended 30 September 2007 on 29 November 2007. A-REIT recorded a DPU of 6.88 cents for the six months ended 30 September 2007. This represents an annualized yield of 5.0% based on the closing price of \$2.73 per unit on 28 September 2007.

### **Portfolio Continues to Grow through Quality Acquisitions and Developments**

As at 30 September 2007, A-REIT had a portfolio of 78 properties with a total book value of S\$3.3 billion, housing a tenant base of over 750 international and local companies.

In addition to two development projects under construction and two pending acquisitions announced previously, A-REIT acquired 1 Senoko Avenue and secured two other investments in developments which bring the total amount of investments to over S\$280 million for the year to date. These development projects would be undertaken in phases and completed over the next few years.

- 1) A partial build-to-suit ramp up high specification industrial facility is currently under construction at Pioneer Walk and is expected to be completed in 3/4Q 2008.

- 2) Two integrated business space with amenity facilities totaling 75,000 sqm is under development at Plot 8 Changi Business Park. The first phase (about 21,000 sqm) of the development is expected to be completed in 1Q 2009.

Previously announced:

- 3) A partial build-to-suit business park property (HansaPoint @ CBP) is being built at Plot 15 Changi Business Park with Rohde & Schwarz Singapore Pte Ltd as the anchor tenant. The building is expected to be completed by early 2008.
- 4) A partial build-to-suit distribution facility which is currently under development at Plot 7 & 8 Changi LogisPark (North) with Zuellig Pharma Pte Ltd as the anchor tenant. The development project is expected to be completed by mid 2008.
- 5) An additional five-storey ramp up warehouse, as part of an asset enhancement of SENKEE Logistics Hub, currently under construction by SENKEE Logistics Pte Ltd, will be acquired for \$63.8 million upon satisfaction of certain conditions precedent. The construction is expected to be completed in early 2008.
- 6) A logistic and distribution facility, currently being built by the vendor, Goldin Enterprises Pte Limited, at Pioneer Walk will be acquired for S\$22.5 million in the 4Q2007 upon satisfaction of certain conditions precedent.

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

The overall occupancy of A-REIT's portfolio of 78 properties reached a high of 98.3% as compared to 97.2% as at 30 June 2007. The occupancy rate for A-REIT's multi-tenanted buildings was 96.2% compared to 95.0% qoq.

The Manager has successfully renewed or leased a total of 71,433 sqm of space in the second quarter of FY2007/08. Within the portfolio of the Multi-Tenanted Buildings, new leases for Business & Science Park properties account for 31.3% of the new demand. Average rental rates for Business & Science Parks also grew by 32.3% compared to the previous quarter.

The weighted average lease term to expiry of A-REIT's portfolio has remained stable at 6.4 years as at 30 September 2007.

A-REIT maintains a well-diversified high quality property portfolio spread across a number of sub-sectors with different growth drivers to meet the real estate needs of its customers and is exposed to different segments of the economy. Through the diversification of our portfolio,

it minimizes our reliance on any one property such that no single property accounts for more than 6.0% of the monthly gross revenue.

### **Prudent Capital Management**

The Manager continues to actively manage and optimize A-REIT's capital structure.

The current aggregate leverage of 38.4% means significant debt capacity of more than \$400 million is available to fund near term investment activities before aggregate leverage reaches the long term optimal level of 45%.

The Manager also adopts a proactive interest rate management approach. We have staggered maturities in hedging profile to manage the interest rate risk. As at 30 September 2007, 91% of interest exposure is fixed with a weighted average term of 4.2 years at a weighted average cost of 3.43%. The balance 9% and any further debt drawdown will be at prevailing market rate.

### **Outlook for FY2007/08**

With continued positive economic performance and the improving manufacturing sector, particularly in the biomedical manufacturing, transport engineering and financial services sectors, demand for business and industrial space is likely to remain healthy, particularly for the Business & Science Parks and Hi-Tech Industrial properties.

Rental rates for these two sectors are expected to grow while rental growth for logistics and light industrial space is likely to be moderate with some overhang in the former sector due to the large supply of logistics and warehouse space under development (about 796,000 sqm) and planning (about 168,000 sqm) for the next two to three years.

Barring any unforeseen circumstances, on the back of the strong economic growth, A-REIT expects to be able to deliver a return for the second half of the current financial year that is in line with its performance in the first half of the financial year.

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**About A-REIT ([www.a-reit.com](http://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 78 properties in Singapore, comprising suburban office space (including Business and Science Parks), high specifications industrial mixed use properties, Flatted Factories, Light Industrial properties, Logistics and Distributions centres as well as warehouse retail facilities, with a book value of S\$3.3 billion. These properties house a tenant base of over 750 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, , 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 and FTSE ST Mid Cap

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 Goodman International 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.