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Ascendas Real Estate Investment Trust



Unitholders' Meeting 28 June 2007

areit

Ascendas Real Estate Investment Trust

Members of the Panel

- Mr Lew Syn Pau, Chairman
- Mr Gregory Goodman, Deputy Chairman
- Mr David Wong, Independent Director
- Dr Peter Dodd, Independent Director
- Mr Benedict Kwek, Independent Director
- Mr Swee Kee Siong, Non-executive Director
- Mr James Hodgkinson, Non-executive Director
- Ms Chong Siak Ching, Non-executive Director
- Mr Tan Ser Ping, Chief Executive Officer
- Mr Andrew Grimmett, Independent Financial Adviser, Deloitte and Touche Corporate Finance Pte Limited
- Mr Arjun Bambawale, Chief Executive Officer, HSBC Institutional Trust Services (Singapore) Ltd

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Agenda

- Overview of A-REIT
- FY 2006/07 Performance
- A-REIT's strengths
- Resolutions

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Overview of Ascendas Real Estate Investment Trust

- First and largest business space and industrial REIT listed on the Singapore Exchange
- A-REIT has a diversified portfolio of 77 properties comprising:

- | | | | | |
|----------------------------|----------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| 1. Business & Science Park | 2. Hi-tech industrial properties | 3. Light industrial properties | 4. Logistics & distribution centres | 5. Warehouse Retail Facilities |
|----------------------------|----------------------------------|--------------------------------|-------------------------------------|--------------------------------|

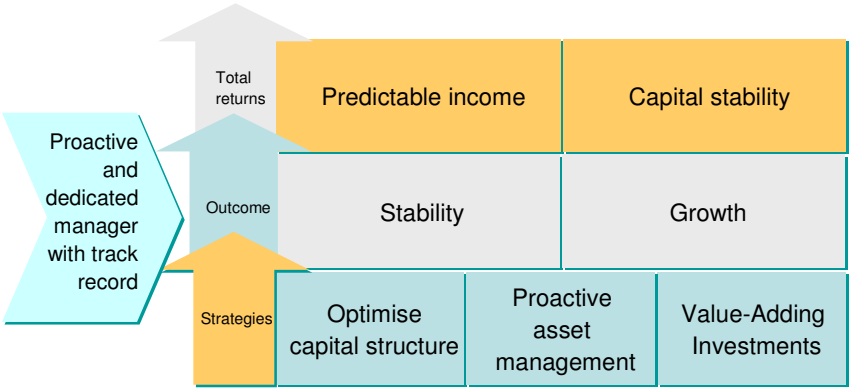


- Total Assets of S\$3.3 bn (US\$2.2 bn)
- Tenant base of over 750 local and international companies
- A-REIT has a corporate rating of A3 by Moody's (equivalent to A- by other rating agencies)

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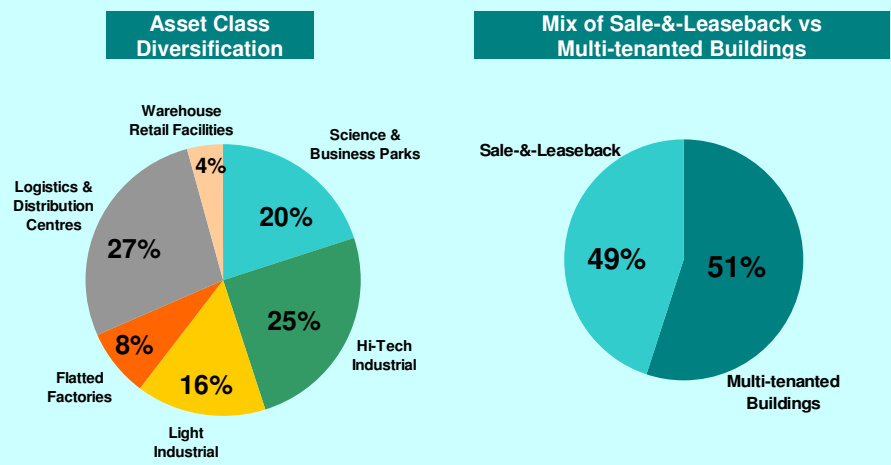
A-REIT's Strategies



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Portfolio Diversification by Value



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Agenda

- Overview of A-REIT
- **FY 2006/07 Performance**
- A-REIT's strengths
- Resolutions

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Key Highlights of FY06/07 Results

- FY06/07 net income available for distribution of \$163.8m, up 14.9% yoy
- FY06/07 DPU of 12.75 cents, up 9.2% yoy
- Achieved organic growth of 2.7%
- Portfolio occupancy 96.6% at 31 March 2007 vs 95.0% at 31 Mar 2006. MTB occupancy was 93.7% vs 91.4% at 31 Mar 2006
- Asset values increased by \$148.9m (4.9%) following recent revaluation exercise. NAV increased by 11.2% to \$1.49
- Completed 1st two development projects on schedule and at lower than expected development cost
- Secured acquisition and development projects of \$488m in FY06/07. \$148m is pending completion
- Total assets increased from \$2.8bn to \$3.3bn as at 31 Mar 2007

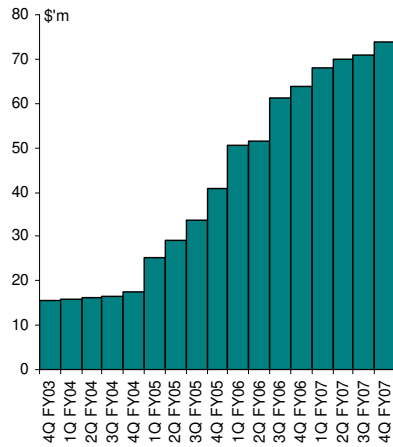
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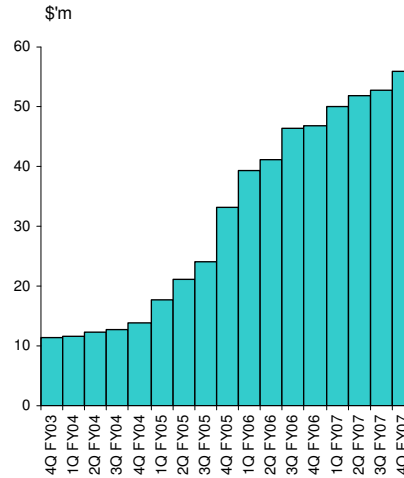
Revenue and NPI - 17 quarters of continued growth since IPO



Gross Revenue



Net Property Income



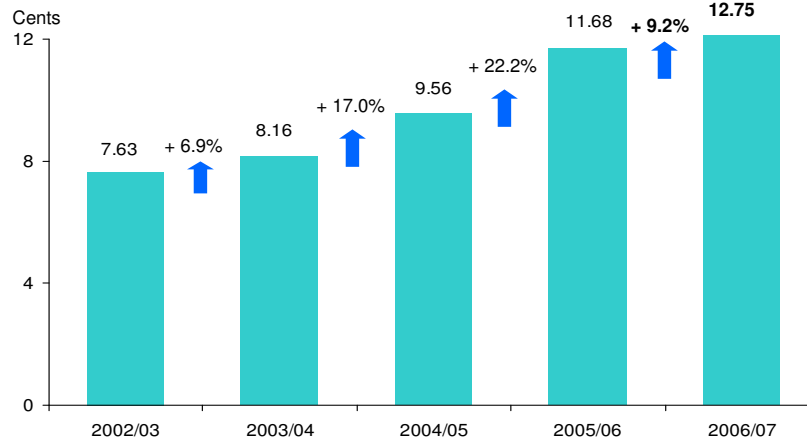
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Steady DPU growth since listing



Regular and stable distributions



Notes:

(1) FY2003 Actual DPU is annualised. The actual DPU was 2.78 cents for the 133 days ended 31 March 2003

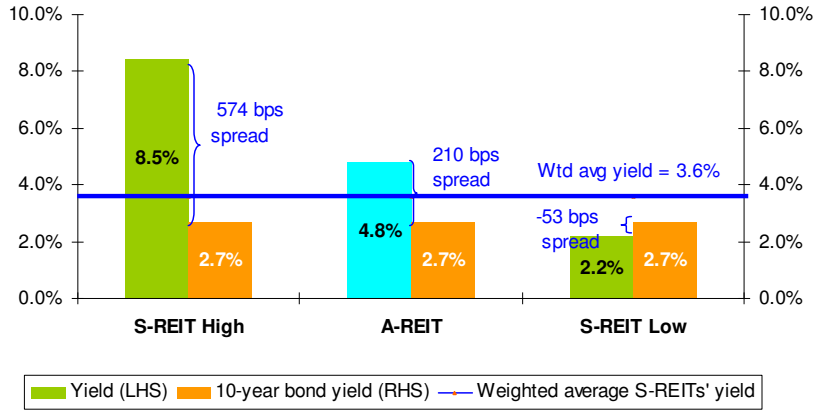
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Yield returns compared to 10-year bond and S-REITs



S-REITs yield range from low of 2.2% to high of 8.7%

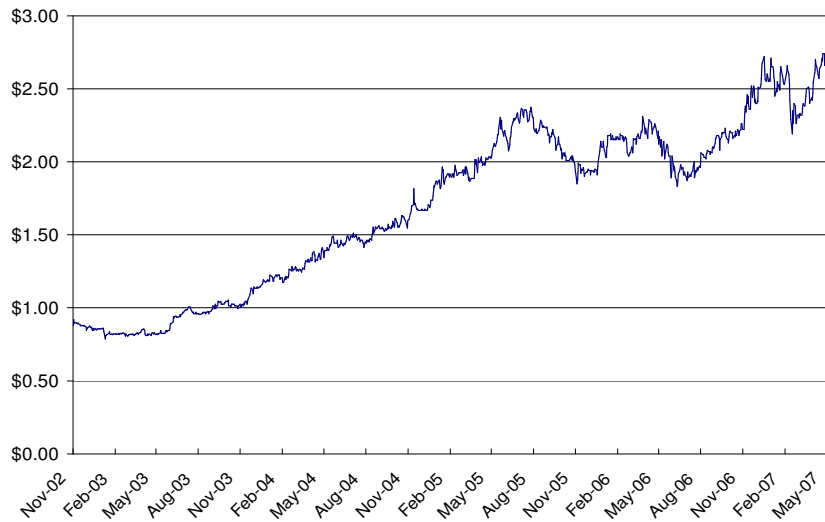


Source: IBES Estimates, Bloomberg (information as at 25 May 2007)

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Price of A-REIT since IPO



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A-REIT's strengths

Diversity and Depth

- Largest business and industrial REIT in Singapore
- Solid and well diversified portfolio
 - ✓ Six property asset classes
 - ✓ Well-located quality properties
 - ✓ Balance of long term vs short term leases provides stability and potential for positive rental reversions
 - ✓ No single property accounts for more than 6% of revenue
 - ✓ High predictability and sustainability in income

Market leader

- Ascendas has a track record of more than 20 years
- Committed sponsors
- Market leader in business space in Singapore
 - 38% share of Hi-tech Industrial space
 - 29% share of Science and Business Parks space
 - 11% share of Logistics & Distribution Centres space - 30% in the Eastern region and 13% in Western region of Singapore

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A-REIT's Strengths



Development capability

- Has development capability to create own assets

Operational platform

- Dedicated sales/marketing, leasing and property management team of over 80 people
- Possess in-depth understanding of this property sector
- Occupancy rates are above market average for all sub-sectors

Customer focus

- Track record of customers growing with us
- High retention ratio of 92.5%

Size advantages

- Market capitalization in excess of \$3.5bn
- 12% of S-REIT sector
- 8% of Asian REIT sector ex Japan
- Accounts for about 12% of total trading volume for S-REITs
- Ranked 6th in the BT Transparency Index amongst all companies listed on SGX
- Included in major indices (eg. MSCI, STI)

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Resolution 1 : The Proposed General Mandate for the Issue of New Units (Ordinary Resolution)



General Mandate :

- Manager to issue new Units in FY07/08 for up to 50.0% of the number of Units in issue as at 31 March 2007 (being A-REIT's last financial year)
- The aggregate number of new Units issued other than on a pro-rata basis to existing Unitholders shall not be more than 20.0% of the number of Units in issue as at 31 March 2007

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Resolution 1 : The Proposed General Mandate for the Issue of New Units (Ordinary Resolution)



Rationale :

- MAS has revised the REIT regulations to allow the same rules for listed companies to apply to REITs
- This arrangement will provide A-REIT with additional flexibility which will enable further growth through the acquisition of new properties without the time and expense of convening an extraordinary general meeting
- Allow A-REIT to raise funds more expeditiously and be more responsive in the acquisition of new properties in a competitive environment where timeliness in making bids and making payment for acquisitions is important

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Resolution 2 : The Proposed SPV Supplement to the Trust Deed (Extraordinary Resolution)



SPV Supplement :

- The Manager proposes to supplement the Trust Deed for the purpose of facilitating the use of special purpose vehicles (“SPVs”) by A-REIT to hold investments

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Resolution 2 : The Proposed SPV Supplement to the Trust Deed (Extraordinary Resolution)



Rationale :

- MAS has revised the REIT regulations to allow the above.
- The Manager believes that the ability of A-REIT to use SPVs for holding investments will give it flexibility in structuring its investment holdings to achieve optimal returns for Unitholders
- Such flexibility will also enable A-REIT to gain access to a greater pipeline of real properties for potential future acquisition (eg. investment in real property through the holding of a partial interest, instead of a 100.0% interest)

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Resolution 3 : The Proposed Management Fee Supplement to Trust Deed (Extraordinary Resolution)



Management Fee Supplement :

- Currently, 50% of the Manager’s base management fees for the 1st 19 properties are received in Units. The balance 50% are received in cash. The base management fees for the rest of the properties are received entirely in cash
- The Performance Management Fees are received entirely in Units
- The Manager proposes to supplement the Trust Deed to allowing the Manager to receive its Management Fees wholly in Units or wholly in cash or in a combination of both

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Comparison (Industrial REITs)



Mgmt Fee Structure	A-REIT	Mapletree Logistics Trust	Cambridge REIT	Macarthur Cook
Base Fee	0.5% pa of Deposited Property	0.5% pa of Deposited Property	0.5% pa of Deposited Property	0.5% pa of Deposited Property
Performance Fee	(a) 0.1% pa of Deposited Property if y-o-y increase in DPU > 2.5%. (b) Additional 0.1% pa of Deposited Property if y-o-y increase in DPU > 5%.	3.6% pa of Net Property Income.	((5.0% of the excess return of Trust Index over the Benchmark Index)*Market Cap of CIT REIT)+ ((15% of the excess of 2.0% above the benchmark index)*Market Cap of CIT REIT). Total management fee capped at 0.8% of the value of the trust property	(a) 0.1% pa of Deposited Property if y-o-y increase in DPU > 2.5%. (b) Additional 0.1% pa of Deposited Property if y-o-y increase in DPU > 5%.

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Comparison



Mgmt Fee Structure	A-REIT	Allco REIT	Ascott REIT	CCT	CMT	CDL HT
Base Fee	0.5% pa of Deposited Property	0.5% pa of the Real Estate Asset Value	0.3% pa of Property Value	0.25% per annum of Total Assets	0.1% per annum of Total Assets.	0.25% per annum of Deposited Property
Performance Fee	(a) 0.1% pa of Deposited Property if y-o-y increase in DPU > 2.5%. (b) Additional 0.1% pa of Deposited Property if y-o-y increase in DPU > 5%.	0.5% pa of the Real Estate Asset Value	4.0% pa of gross profit. If gross profit increase more than 6.0%, an additional 1.0% on the incremental.	2.85% of Gross Revenue	5.25% of Net Investment Income.	5.0% of Net Property Income.

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Comparison



Mgmt Fee Structure	A-REIT	Fortune REIT	K REIT	MMP REIT	Suntec REIT	FCT REIT
Base Fee	0.5% pa of Deposited Property	0.3% per annum of Total Assets.	0.5% pa of the value of Deposited Property	0.5% pa of Deposited Trust Property	0.3% pa of Total Assets.	0.3% pa of the value of Deposited Property
Performance Fee	(a) 0.1% pa of Deposited Property if y-o-y increase in DPU > 2.5%. (b) Additional 0.1% pa of Deposited Property if y-o-y increase in DPU > 5%.	3% of Net Property Income.	3% of Net Property Income.	((5.0% of the excess return of Trust Index over the Benchmark Index)*Market Cap of Prime REIT)+ ((15% of the excess of 2.0% above the benchmark index)*Market Cap of Prime REIT). Total management fee capped at 0.8% of the value of the trust property	4.5% of Net Property Income.	5% of Net Property Income.

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Resolution 3 : The Proposed Management Fee Supplement to Trust Deed (Extraordinary Resolution)



Rationale :

- The Manager believes that the proposed Management Fee Supplement is beneficial to Unitholders as the Manager will have the flexibility in the structuring of the payment of its Management Fees and
- To the extent that the Manager chooses to receive the Management Fees in the form of Units, the Manager's interest will be further aligned with those of the Unitholders

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Resolution 4 : The Proposed Development Management Fee Supplement to the Trust Deed (Extraordinary Resolution)



Development Management Fee Supplement:

- The Manager proposes to supplement the Trust Deed for the purpose of facilitating the undertaking of development projects by the Manager on behalf of A-REIT

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Resolution 4 : The Proposed Development Management Fee Supplement to the Trust Deed (Extraordinary Resolution)



Background:

- MAS amended the REIT regulations to allow development projects to be undertaken by REITs since October 2005
- The Manager has been widening its investment strategy in the past 1 year to include development activities.
- The Manager, through its service provider – Ascendas Land Singapore Pte Ltd (“ALS”), has a professional team of property development personnel who have been extensively involved in development projects in Singapore for the last 16 years. In order to leverage on this expertise and not duplicate resources, the Manager will engage ALS as the development management service provider.

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Scope of Development Services



- Involves overall responsibility for the planning, control and monitoring of the development project from concept to completion
- Encompasses working closely with the project manager, architect and consultants to carry out the relevant value engineering to ensure a cost-efficient building
- Includes reporting to the trustee on a regular basis on the progress of the project

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Scope of Development Services

- Involves representing the Trustee on all site meetings and to advise on any variation works and where appropriate, make recommendations to the Trustee for consideration
- Requires negotiating with prospective tenants and the relevant authorities to ensure the necessary requirements are met

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Proposed Fee Structure

- The Manager proposes a development management fee charge not exceeding 3.0% of the total project costs
- For development projects >\$100million, the trustee and the Manager's Independent Directors will review and approve the quantum of the development management fee

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Rationale for Development Management Fee



- This development strategy is beneficial to Unitholders as development projects can potentially provide greater returns compared to outright acquisitions of income producing properties and thus provide growing distributions to Unitholders.
- Because the developments are carried out on A-REIT's balance sheet, Unitholders receive the potential benefit of unrealised valuation gains which results in an improvement in the net asset value of A-REIT.
- Development projects are more complex and time consuming than outright acquisitions of income producing properties.

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Rationale for Development Management Fee



- The development management process can take up to a year and sometimes longer.
- In addition, not all development opportunities may result in confirmed development projects. Any cost incurred prior to confirmation of the project will be borne by the Manager.
- Development management involves a wide scope of services as previously highlighted.

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Independent Financial Adviser

- Deloitte & Touche Corporate Finance Pte Ltd (“DTCF”) has been appointed as independent financial adviser to the Independent Directors in respect of the Proposed Development Management Fee Supplement and the Retrospective Development Management Fee Supplement
- DTCF undertook a comparison of development management fees payable by selected property funds and REITs in Singapore, Hong Kong, Australia and New Zealand.

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Comparison of other Development Fees

Name	Description of Assets	Total Assets (\$m)	Development Fee
Macquarie Goodman NZ	Business parks, industrial estates, warehousing etc	1,165.6	3% of total project costs
Challenger Diversified Property Group	Office, industrial and retail properties in Australia	846.5	•5% up to A\$500k •4% A\$500k - A\$3m; •3% over A\$3m
Trinity Group	Commercial, retail and industrial property in Australia	437.1	4% of project's total development cost
Tishman Speyer Office Fund	Office properties in the United States	1,445.6	3.5% of total development costs variable on certain factors.
Reckson New York Property Trust	Office properties in New York Tri State area in the United States	376.4	3.5% of the cost of improvements

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Proposed Fees and Justifications

Justifications:

- The proposed development management fee is in line with the development fees paid by comparable property funds such as Macquarie Goodman Group, Challenger Diversified Property Group, Reckson New York Property Trust, Tishman Speyer Office Fund
- Amongst the comparable funds:
 - Highest fee charged was 4%
 - Lowest fee charged was 3%
 - Median fee charged was 3.5%

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Independent Financial Adviser

- DTCF is of the opinion that the above-mentioned supplements are on **normal commercial terms** and will not be prejudicial to A-REIT and its minority Unitholders.
- DTCF advises the Independent Directors recommend that the **Unitholders vote in favour** of the above-mentioned supplements.

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Resolution 5 : Retrospective application of proposed development management fee for completed development projects (Extraordinary Resolution)



- The Manager has not charged any fees on the two completed development projects, namely Courts and Giant Hypermart.
- Therefore, the Manager intends to charge the proposed Development Management Fee retrospectively in respect of Development Projects which have already been completed. These development projects are shown in the table below.

Project Description	Completion date	Total Project Cost (Excluding Development Management Fee)	Proposed Development Management Fee
Warehouse Retail Facility at Private Lot A1706855 Tampines Ave 10 in Tampines Industrial Estate ("Giant Project")	February 2007	S\$63.5 million	S\$1.91 million
Warehouse Retail Facility at Private Lot A1023600 Tampines Ave 10 in Tampines Industrial Estate ("Courts Project")	December 2006	S\$44.9 million	S\$1.35 million

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Rationale for Proposed Retrospective Management Fee



- The Manager has provided development management services for the two completed projects but no fees have been paid for such services.
- The two projects involved significant preparation, negotiation and management.
- Both projects were completed on time and within budget.
- A-REIT Unitholders benefited through total unrealised capital gains recorded of over \$24 million (or 1.8 cents per unit).

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Courts Development



Date	Event
Jan 06	Signed letter of offer
Feb 06	Construction began
Dec 06	Project completed on schedule at a cost of \$44.9 million which was within budget
Mar 07	Valuation of \$60.1 million recorded resulted in an unrealised capital gain of \$13.9 million

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Giant Development



Date	Event
Jan 06	Signed letter of offer
Feb 06	Construction began
Feb 07	Project completed on schedule at a cost of \$65.4 million which was within budget
Mar 07	Valuation of \$75.9 million recorded resulted in an unrealised capital gain of \$10.5 million

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**The Independent Directors Recommend that
Unitholders Vote in Favour of the Resolutions**



	FOR
Resolution 1*	<input checked="" type="checkbox"/>
Resolution 2	<input checked="" type="checkbox"/>
Resolution 3	<input checked="" type="checkbox"/>
Resolution 4	<input checked="" type="checkbox"/>
Resolution 5	<input checked="" type="checkbox"/>

* Recommended by the Manager

Thank you



Resolution 1

Ordinary Resolution

- The General Mandate to issue new Units in A-REIT

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Resolution 2

Extraordinary Resolution

- Supplementing the Trust Deed with the SPV Supplement*

* The Manager and its associates (including ALS (which indirectly holds 60.0% of the Manager) and MGM Singapore Pte. Ltd. (which indirectly holds 40.0% of the Manager)) are prohibited from voting

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Resolution 3

Extraordinary Resolution

→ Supplementing the Trust Deed with the Management Fee Supplement*

* The Manager and its associates (including ALS (which indirectly holds 60.0% of the Manager) and MGM Singapore Pte. Ltd. (which indirectly holds 40.0% of the Manager)) are prohibited from voting

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Resolution 4

Extraordinary Resolution

→ Supplementing the Trust Deed with the Development Management Fee Supplement*

* The Manager and its associates (including ALS (which indirectly holds 60.0% of the Manager) and MGM Singapore Pte. Ltd. (which indirectly holds 40.0% of the Manager)) are prohibited from voting

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Resolution 5

Extraordinary Resolution

- Supplementing the Trust Deed with the Prospective Development Management Fee Supplement*

* The Manager and its associates (including ALS (which indirectly holds 60.0% of the Manager) and MGM Singapore Pte. Ltd. (which indirectly holds 40.0% of the Manager)) are prohibited from voting

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