



**areit**

Ascendas Real Estate Investment Trust

**3Q FY2005/06 Results Presentation**  
**13 January 2006**

## Disclaimer

**This Presentation is focused on comparing actual results for the nine months ended 31 December 2005 versus forecasts derived on the best estimate as stated in the A-REIT Circular of 20 September 2005 and actual results in the prior corresponding period (“pcp”). This shall be read in conjunction with A-REIT’s third quarter and nine months results from 1 April 2005 to 31 December 2005 Financial Statements in the SGXNet announcement.**

This presentation 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.

# Agenda

- Key highlights
- Financial performance
- Capital and funds management
- Portfolio highlights
- Portfolio diversification
- Conclusion

# Third Quarter Key Highlights

- Net investment income available for distribution of S\$38.3m, up 81% on pcp
- Distributable income of 3.01 cents per unit, up 25% on pcp
- Acquired 13 properties for S\$288.35m
- Total assets grew to S\$2.7b
- Successfully raised new equity of S\$240m to partially finance new acquisitions
- Portfolio occupancy 94.7% as at 31 Dec 05 vs 94.1% at pcp
- Leased and renewed 52,868 sqm of space
- Assigned a corporate family rating of A3 by Moody's Investors Service

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# YTD DPU - 28% above pcp



	Actual <sup>(1)</sup> 01/04/05 to 31/12/05 (S\$'000)	Actual <sup>(1)</sup> 01/04/04 to 31/12/04 (S\$'000)	% Change
Gross revenue	163,327	88,038	86
Property operating expenses	(36,492)	(25,085)	45
<b>Net property income</b>	<b>126,835</b>	<b>62,953</b>	<b>101</b>
Non-property expenses	(24,688)	(11,084)	123
Net investment income	102,147	51,869	97
<b>Available for distribution</b>	<b>105,372</b>	<b>54,906</b>	<b>92</b>
<b>Distribution per unit</b>	<b>8.76</b>	<b>6.86</b>	<b>28</b>

Details listed in item1a(i) of SGXNet financial statements for 3Q FY05/06

**Note:**

(1) Based on 59 properties as at 31 December 2005 versus 32 properties as at 31 December 2004.

# YTD DPU – 3% above Forecast<sup>(1)</sup>

	Actual 01/04/05 to 31/12/05 (S\$'000)	Forecast <sup>(1)</sup> 01/04/05 to 31/12/05 (S\$'000)	% Change
Gross revenue	163,327	159,878	2
Property operating expenses	(36,492)	(36,614)	0
Net property income	126,835	123,265	3
Non-property expenses	(24,688)	(25,692)	4
Net investment income	102,147	97,572	5
Available for distribution	105,372	102,046	3
<b>Distribution per unit</b>	<b>8.76</b>	<b>8.50</b>	<b>3</b>

Details listed in item 9 on page 12 of SGXNet financial statements for 3Q FY05/06

**Note:**

<sup>(1)</sup> Forecast for 1 April 2005 to 31 December 2005 are derived on a best estimate from the forecast as stated in the circular dated 20 September 2005.

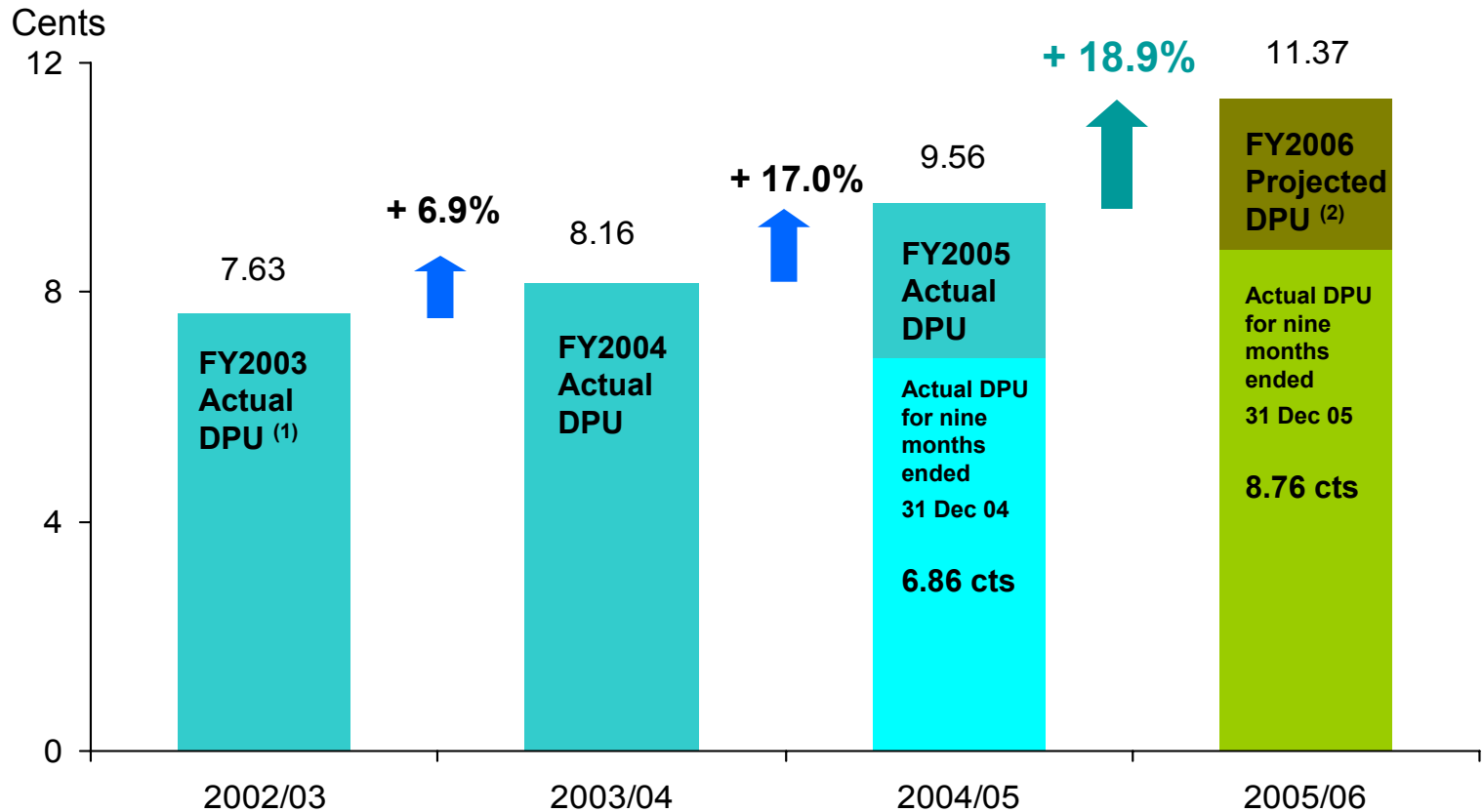
# Balance sheet

	Actual (S\$b)	
	As at 31 Dec 05	As at 31 Mar 05
<b>Total Assets</b>	<b>2.7</b>	<b>2.1</b>
<b>Borrowings</b>	<b>0.8</b>	<b>0.6</b>
<b>Net assets attributable to unitholders</b>	<b>1.7</b>	<b>1.4</b>
<b>Gearing (inclusive of deferred payments)</b>	<b>34.2%</b>	<b>30.2%</b>
<b>Net asset value per unit</b>	<b>133 cents</b>	<b>123 cents</b>



# DPU growth since listing

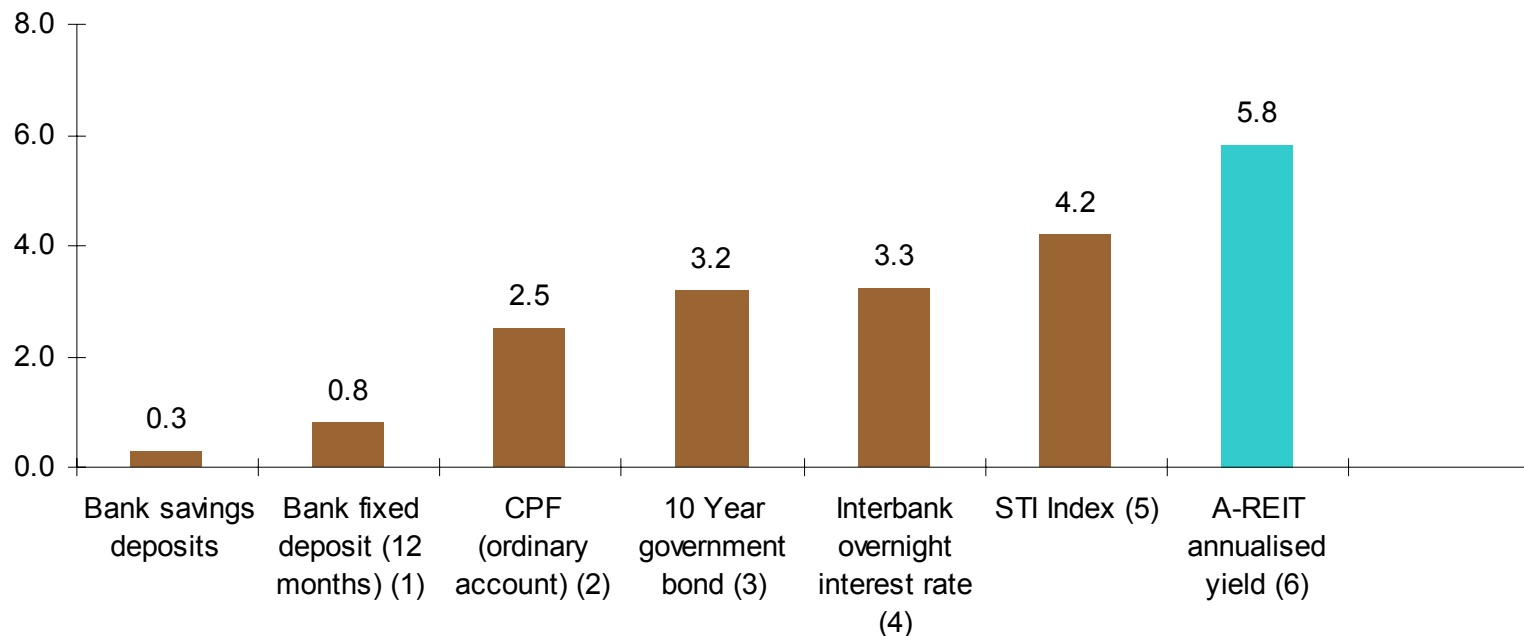
## Regular and stable distributions



Notes:

- (1) FY2003 Actual DPU is annualised. The actual DPU was 2.78 cents for the 133 days ended 31 March 2003
- (2) The projected DPU for FY2006 is based on projections stated in A-REIT's circular dated 20 September 2005

# Comparable returns

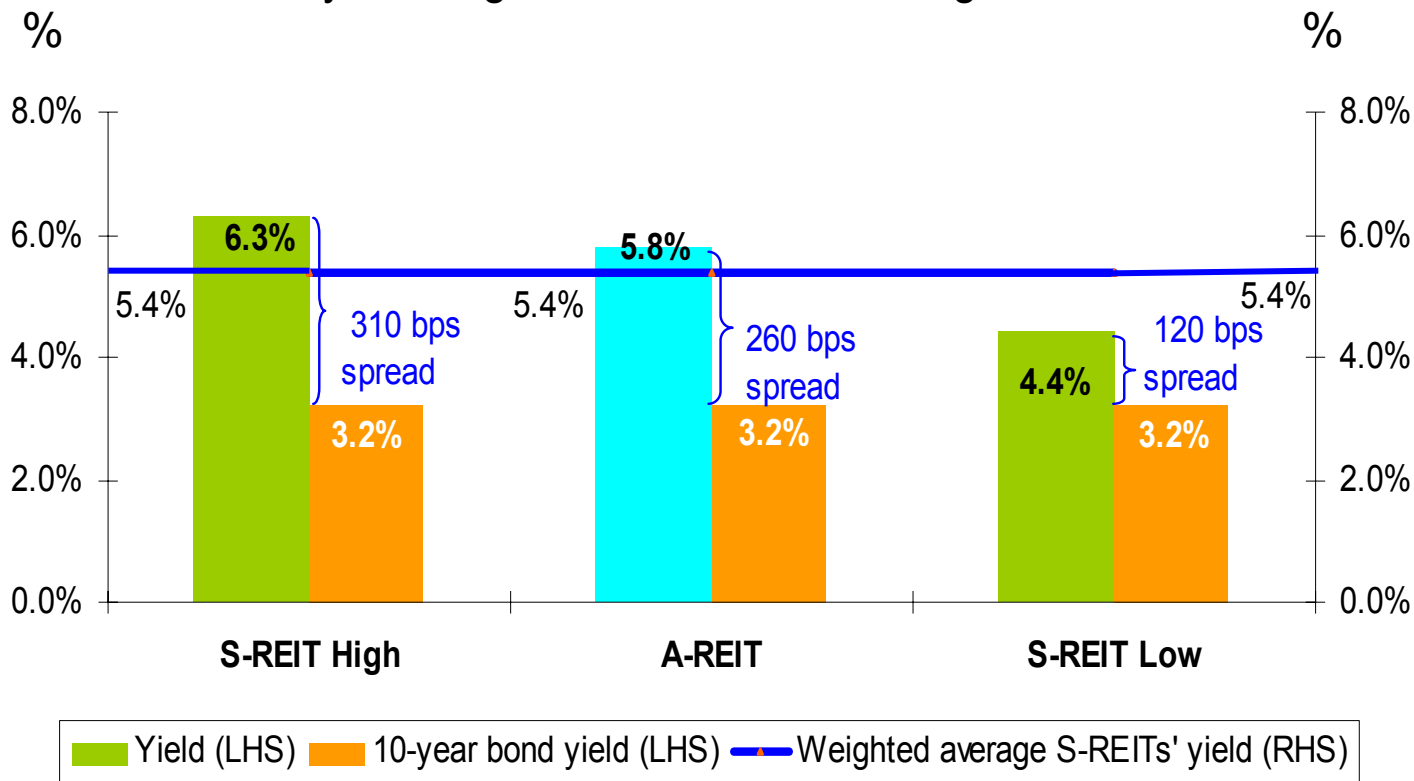


**Notes:**

- (1) Bank fixed deposit rate (12 months) as at 31 December 2005. Source: MAS website
- (2) Based on interest paid on CPF ("Central Provident Fund") ordinary account from 1 January to 31 March 2006. Source: CPF website
- (3) As at 30 December 2005. Source: Singapore Government Securities ("SGS") website
- (4) Interbank overnight interest rate as at 31 December 2005. Source: MAS website
- (5) Based on Bloomberg data as at 29 December 2005
- (6) Yield based on A-REIT's closing price of S\$1.95 per unit on 30 December 2005 and annual forecast DPU of 11.37 cents as stated in A-REIT circular dated 20 September 2005

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

S-REITs yield range from low of 4.4% to high of 6.3%



Source: IBES Estimates, Bloomberg

# Distribution Details

Stock counter	Distribution Period	Distribution per unit (cents)	Status
Ascendasreit	1 Oct 05 to 4 Oct 05	0.12	Paid on 8 Nov 2005
	5 Oct 05 to 31 Dec 05	2.89	Payable 24 Feb 2006
		<u>3.01</u>	

## Distribution Timetable

Notice of books closure date	13 January 2006
Last day of trading on “cum” basis	20 January 2006
Ex-date	23 January 2006, 9.00 am
Books closure date	25 January 2006, 5.00 pm
Distribution payment date	<b>24 February 2006</b>

# Agenda

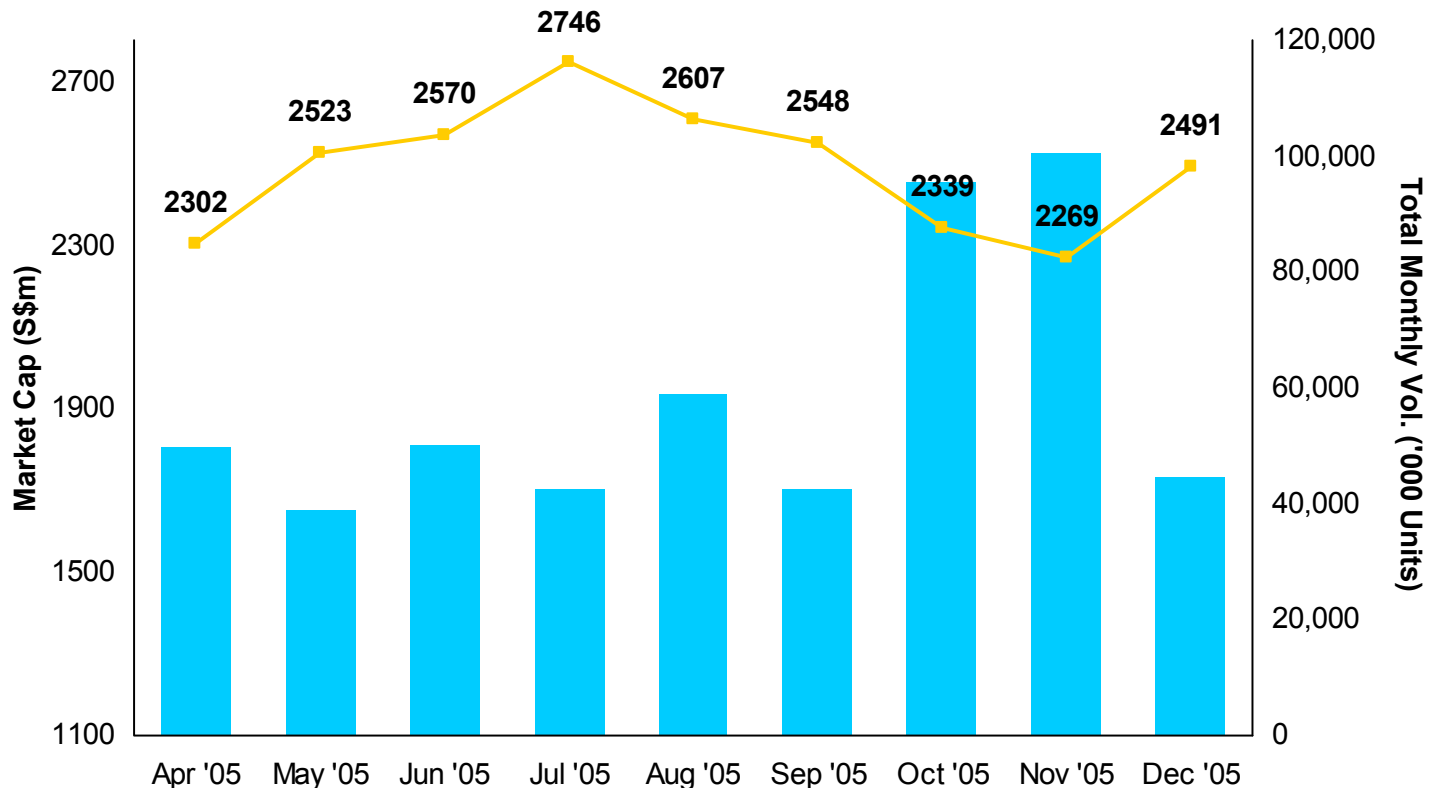
- Key highlights
- Financial performance
- **Capital and fund management**
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# Performance to date

## Market cap and liquidity



### 1 Apr 05 to 31 Dec 05

- 479.1 m units traded (16% of total Singapore REIT trading)
- A-REIT is ranked 33 by market capitalisation on Singapore Exchange Securities Trading Limited

# Capital Management

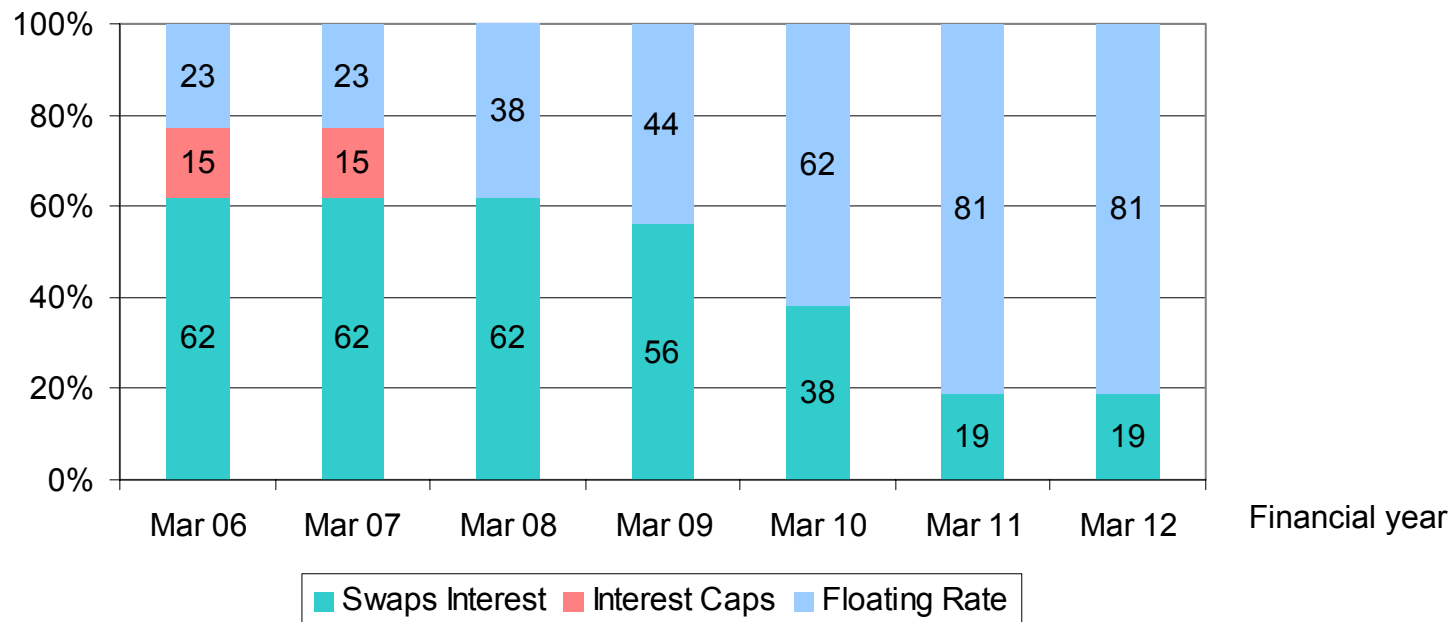


Debt Profile	31 Dec 2005	30 Sep 2005
- Gearing (inclusive of deferred payments)	34.2%	32.7%
- Total debt	S\$844m	S\$759m
<ul style="list-style-type: none"> <li>Fixed rate debt</li> </ul>	S\$523m	S\$523m
- Weighted average all-up funding cost <sup>(1)</sup>	3.27%	2.97%
- Interest cover ratio	7.6 times	7.5 times

(1) Including margins and weighted swap rates for hedged debt and current floating rates on unhedged debt, and amortisation of CMBS' establishment and annual maintenance costs

# Hedging of existing debt

As at 31 Dec 2005	Including interest cap	Excluding interest cap
- Fixed as a % of total debt	77.0%	61.9%
- Weighted average term for fixed debt	4.10 yrs	4.76 yrs



# A-REIT was assigned a Corporate Rating of A3

- Moody's Investors Service announced on 8 December 2005 it had assigned an initial corporate family rating of A3 <sup>(1)</sup> to A-REIT.
- With the rating, the Manager expects A-REIT to maintain a long term optimal gearing ratio not exceeding 45%. A-REIT will have a debt capacity of about S\$500 m available to fund future acquisitions.

(1) A3 is otherwise known as A- by other rating agencies.

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# Acquisitions in Third Quarter



	Properties	Purchase Price	Acquisition date
1	1 Changi South Lane	\$34.80 m	5 Oct 2005
2	11 Tampines Street 92	\$16.75 m	5 Oct 2005
3	Cityneon Design Centre	\$10.00 m	5 Oct 2005
4	Hoya Building	\$ 5.30 m	5 Oct 2005
5	NNB Industrial Building	\$12.00 m	5 Oct 2005
6	LogisHub@Clementi	\$18.10 m	5 Oct 2005
7	Techquest	\$ 7.50 m	5 Oct 2005
8	Techview	\$76.00 m	5 Oct 2005
9	1 Jalan Kilang	\$18.65 m	27 Oct 2005
10	JEL Centre	\$11.00 m	18 Nov 2005
11	PSB Science Park Building	\$35.00 m	18 Nov 2005
12	37A Tampines Street 92	\$12.25 m	1 Dec 2005
13	Hamilton Sundstrand Building	\$31.00 m	9 Dec 2005
	<b>Sub-total</b>	<b>\$288.35 m</b>	
	<b>TOTAL for the financial year to date <sup>(1)</sup></b>	<b>\$526.15 m</b>	

(1) Acquisition of Thales Building for \$5.78m is excluded as it was completed on 3 January 2006.

# Agreements signed



	Properties	Purchase Price	Signing date	Expected to complete
1	138 Depot Road	\$42.3 m	30 Jul 2004	April 2006
2	50 Kallang Avenue	\$28.6 m	6 Dec 2005	Feb 2006
3	Aztech Building	\$23.0 m	21 Dec 2005	Feb 2006
	<b>Total</b>	<b>\$93.9 m</b>		

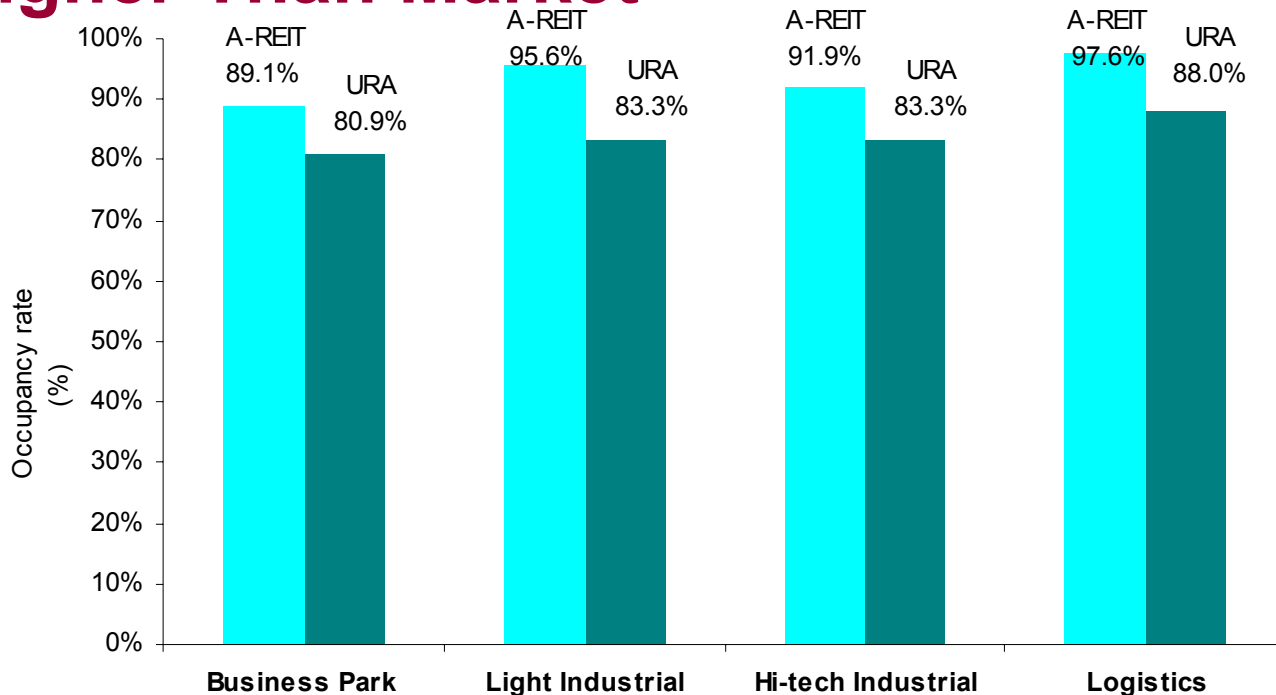
- Acquisition of Thales Building for \$5.78m was completed on 3 January 2006.

# Portfolio Highlights

	As at 31 Dec 05	As at 31 Dec 04
A-REIT Portfolio occupancy (%)	<b>94.7%</b>	94.1%
A-REIT MTB <sup>(1)</sup> occupancy (%)	<b>89.7%</b>	89.5%
Portfolio renewals / new leases (sqm) in nine months	<b>111,328</b>	76,878
New leases/Expansions (sqm) in nine months	<b>39,316</b>	32,512
Renewals (sqm) in nine months	<b>72,012</b>	44,366
Renewals / New leases as a % of A-REIT's MTB total net lettable area	<b>17.5%</b>	18.1%
Weighted Average Lease to Expiry (years)	<b>6.7</b>	5.9

<sup>(1)</sup> MTB = Multi-tenanted buildings

# A-REIT Portfolio Occupancy Higher Than Market



**Notes:**

(1) URA classifies Light Industrial & Hi-tech Industrial as multiple-user space

- Business Park: PSB Science Park Building, Ness Building, Techquest, Telepark, Honeywell Building, Ultro Building & Science Park Properties: The Alpha, The Aries, The Capricorn and The Gemini.
- Light Industrial: 11 Tampines St 92, 37A Tampines St 92, AEM-Evertch Building, Autron Building, BBR Building, Cityneon Design Centre, Da Vinci Building, Exklusiv Centre, Ghim Li Building, Hamilton Sundstrand Building, Hoya Building, Hyflux Building, MSL Building, NNB Industrial Building, OSIM HQ Building, Progen Building, SB Building, Steel Industries Building, Techplace I & II, Volex Building and Weltech Building.
- Hi-tech Industrial: 1 Jalan Kilang, Infineon Building, KA Centre, KA Place, Kim Chuan Telecommunications Complex, Pacific Tech Centre, Siemens Center, Techlink, Techpoint, Techview and Wisma Gulab.
- Logistics: 1 Changi South Lane, C&P Logistics Hub, Changi Logistics Centre, Freight Links (Changi) Building, Freight Links (Toh Guan) Building, IDS Logistics Corporate HQ, JEL Centre, LogisHub@Clementi, MacDermid Building, Nan Wah Building, SENKEE Logistics Hub, Trivec Building, TT International Tradepark and Xilin District Centre (previously known as CG Aerospace Building, 7 Changi South Street 2 and Fedex Building).

Source:

URA: Urban Redevelopment Authority Official Statistics as at September 2005 [www.ura.gov.sg](http://www.ura.gov.sg) and Ascendas-MGM Funds Management Limited as at 31 December 2005

# Agenda

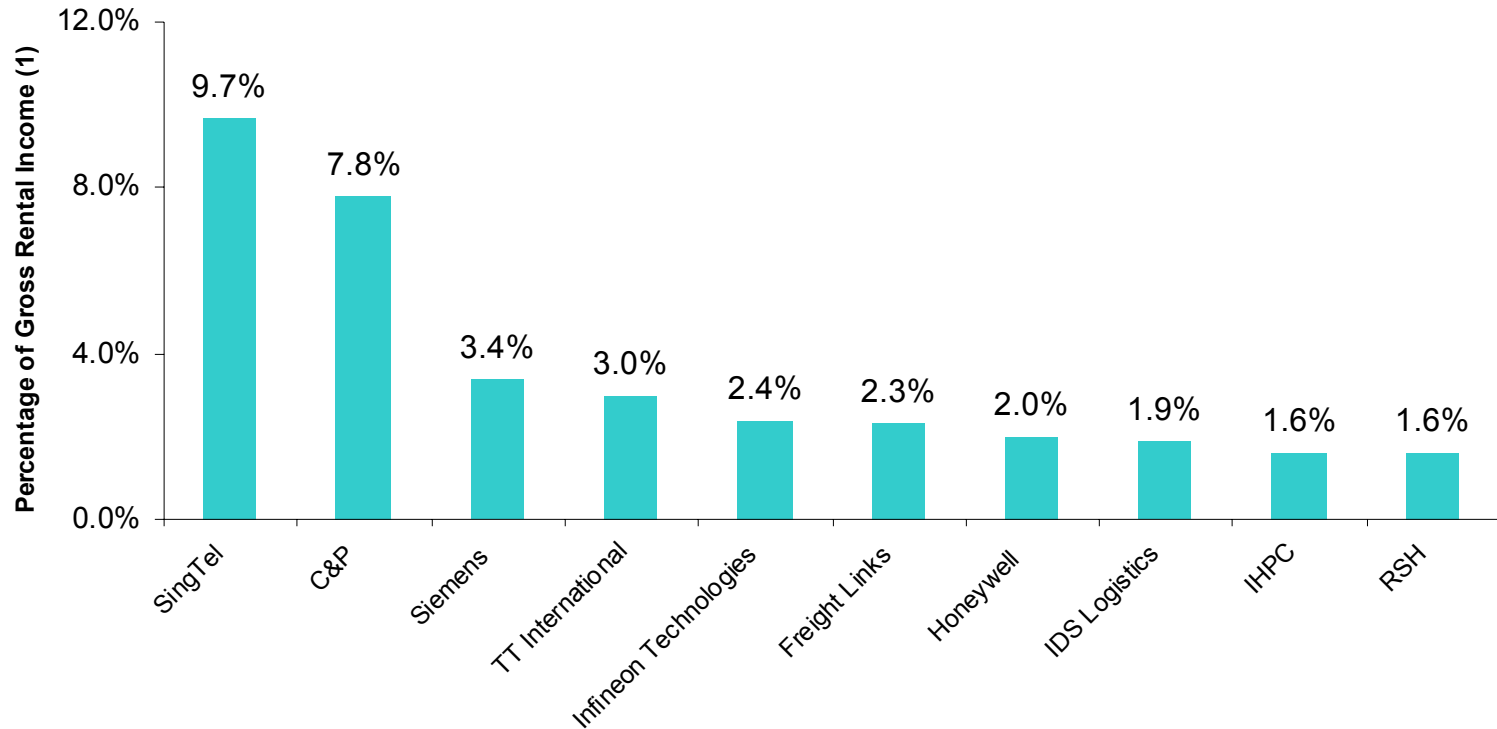
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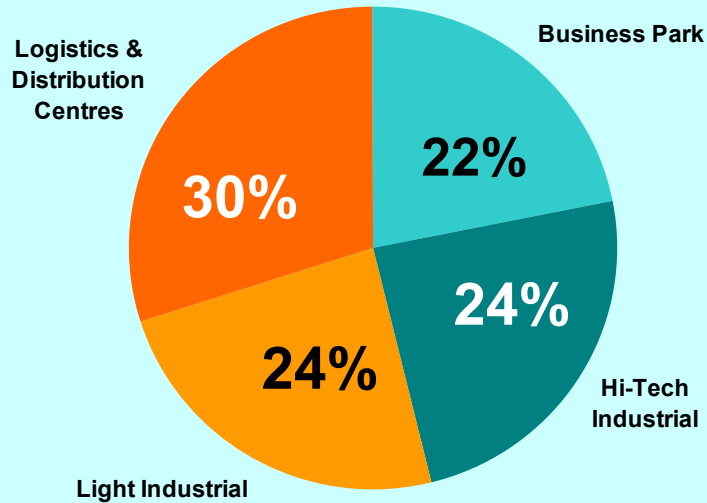
# Tenant Concentration

**Top 10 tenants make up 35.7% of the total portfolio income compared to 39.9% in the prior corresponding period**

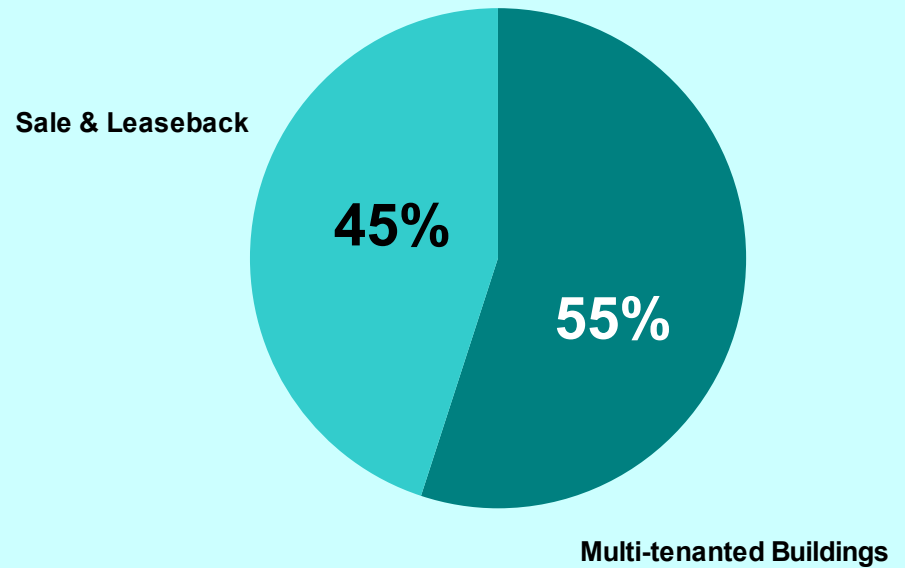


# Portfolio Diversification by Value

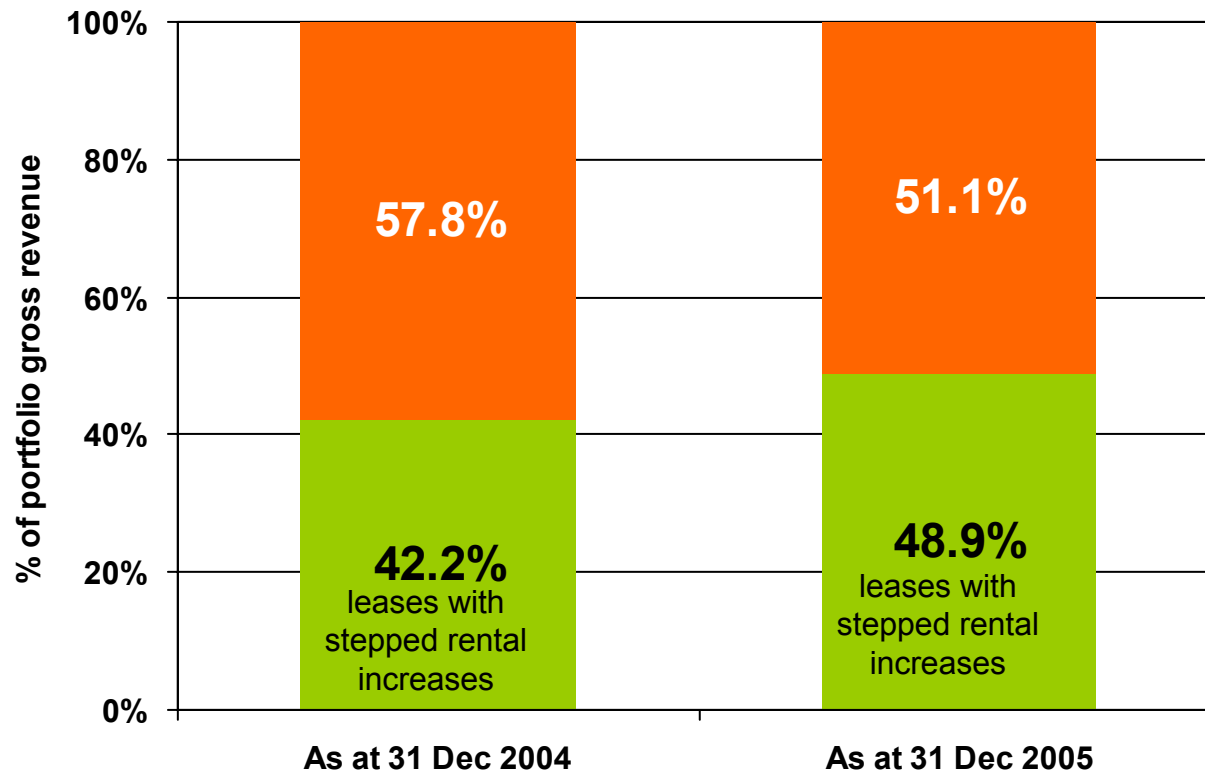
**Asset Class  
Diversification**



**Mix of Sale & Leaseback vs  
Multi-tenanted Buildings**

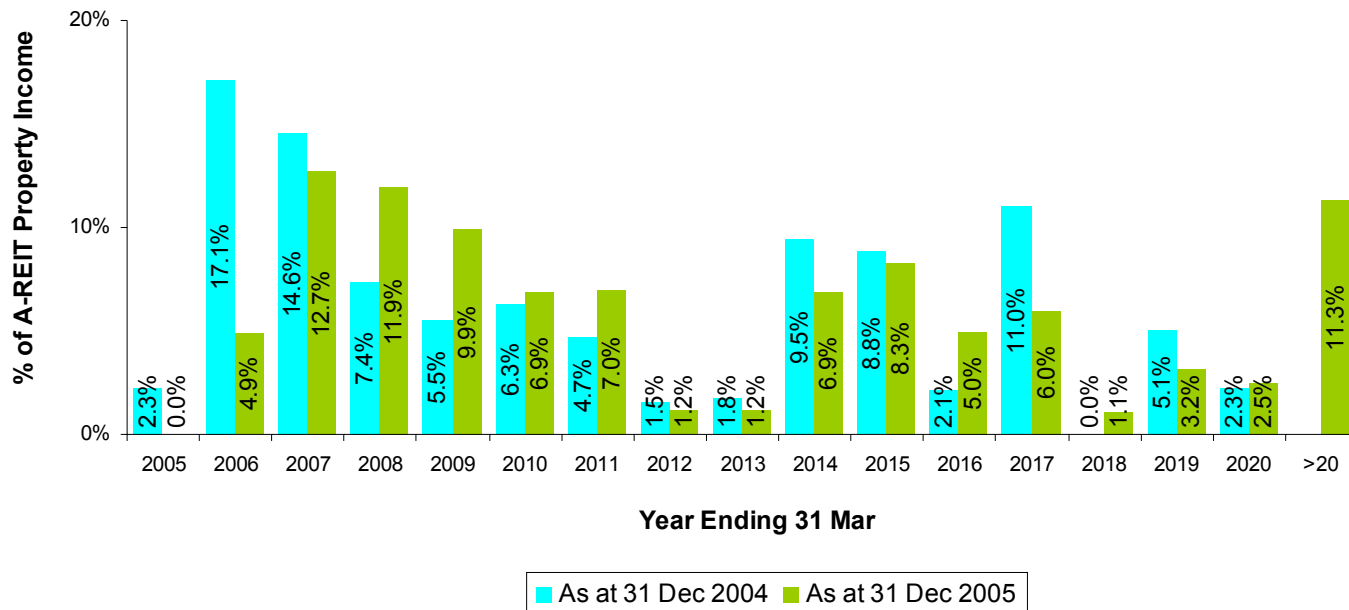


# Portfolio with stepped rental increases



# Weighted Average Lease Term to Expiry

The lease expiry profile is well balanced.



	As at 31 December 2004	As at 31 December 2005
Weighted average lease term to expiry	5.9 years based on 32 properties	6.7 years Based on 59 properties

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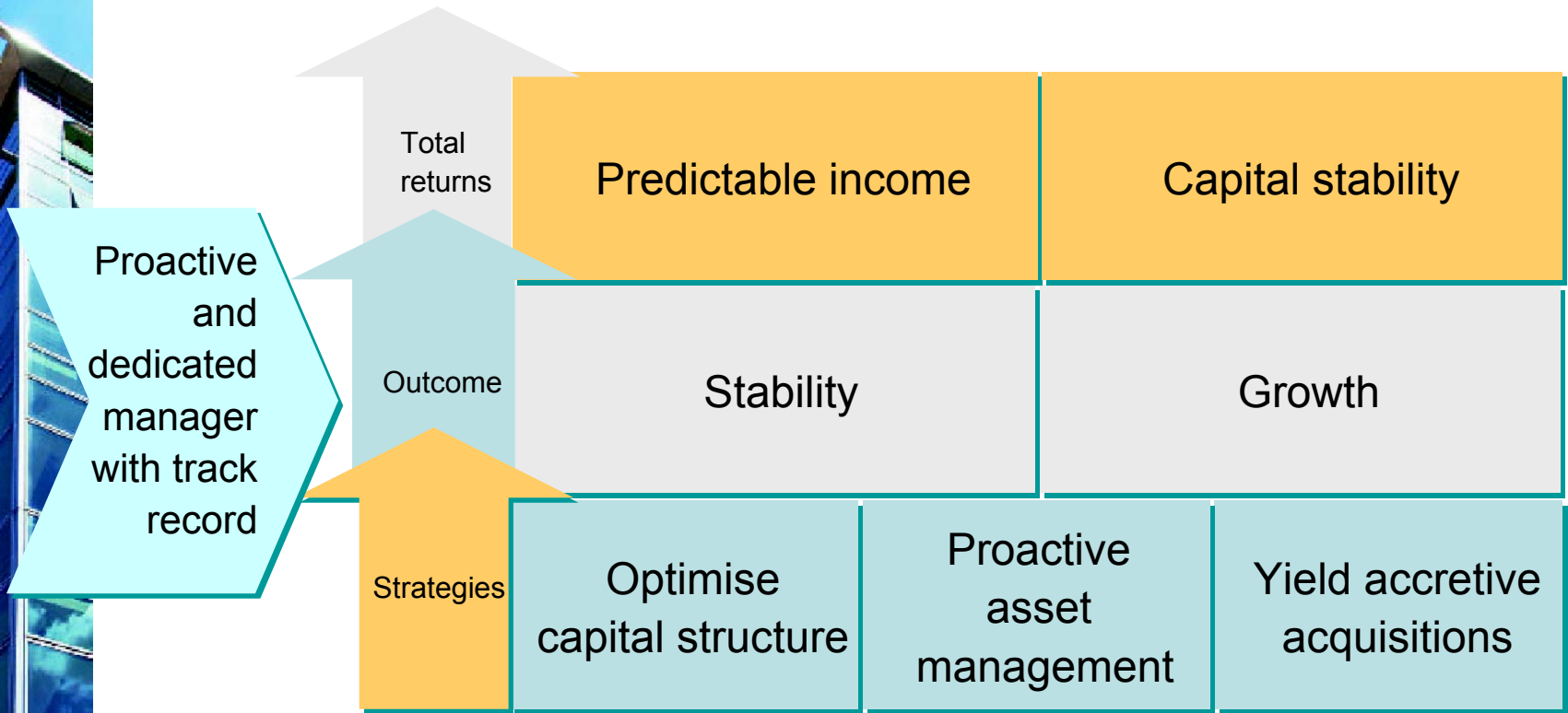
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# A-REIT's strengths

- Market leader
- Well diversified:
  - Focus in business space and industrial property sector
  - Four property asset classes
  - Well-located quality properties
  - Balance of long term vs short term leases
  - No single property accounts for more than 7% of portfolio income
  - More than 680 tenants
- Operational platform
- Customer focus
  - Possess in-depth understanding of this property sector
- Established track record of delivering performance

# A-REIT's strategies



# Conclusion

A-REIT will continue to deliver stable returns via:

- pro-actively managing the portfolio
  - Occupancy rates
  - Rental rates
  - Cost management
- acquisition opportunities
- optimising capital structure



# Thank you

## **Important Notice**

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