



**A-REIT's DPU is 10% higher compared to the prior corresponding period
 - Unitholders' approval sought for a proposed equity raising
 of up to S\$400.0 million to fund acquisitions**

Highlights:

- S\$33.7 million distributable income is 53% above actual income of S\$22.1 million in the prior corresponding period
- Distribution per unit of 4.46 cents is 10% above actual DPU of 4.05 cents in the prior corresponding period
- Announcement of an extraordinary general meeting to seek unitholders' approval for a proposed equity raising of up to S\$400.0 million¹ to fund the acquisitions of 13 properties expected to be completed in December 2004
- Projected FY2006 DPU of 9.86 cents² is a 6.6 per cent. increase from the base case DPU of 9.25 cents

Summary of A-REIT Results (For the half year ended 30 September 2004)

	Actuals in FY04/05	Actuals in FY03/04	Variance (%)
Net investment income (S\$'000)	31,851	20,463	56
Available for distribution (S\$'000)	33,718	22,099	53
Distributable income per unit (cents)	4.46*	4.05	10

*Based on the weighted average number of units on issue of 754.0 million units as at 30 September 2004.

For more details on the financial results, please refer to A-REIT's financial statements dated 14 October 2004 released on MASNET.

¹ This figure is based on the assumption that Unitholders' approvals for the issue of new units as partial consideration for the acquisition of Infineon Building and Techpoint are not obtained and that the maximum amount of gross proceeds that are required to be raised under the Equity Fund Raising to fund the Acquisitions include such amounts as are required to fund aforementioned acquisitions in cash. If such approvals are obtained, the maximum amount of gross proceeds to be raised from the Equity Fund Raising will be reduced accordingly.

² Based on the assumptions and subject to the qualifications and the sensitivity analysis set out in the A-REIT's circular dated 14 October 2004.

Summary of Distribution Payable

Stock counter	Distribution period	Distribution per Unit (Cents)
1. <i>Ascendasreit</i>	4 Mar 2004 to 31 Mar 2004	0.63
	1 Apr 2004 to 30 Sep 2004	<u>4.46</u> <u>5.09</u>
2. <i>Ascendasreit A</i>	23 June 2004 to 30 Sep 2004	<u>2.51</u>

14 October 2004, 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-REIT’s distributable income per unit (“**DPU**”) of 4.46 cents for the half-year ended 30 September 2004 (the “**half-year**”) is 10% above the actual DPU of 4.05 cents in the prior corresponding period. The DPU is also 4% higher than the Manager’s DPU forecast of 4.31 cents stated in the A-REIT’s circular dated 18 February 2004 issued in connection with an equity fund raising exercise carried out in February 2004.

The Board is also pleased to announce that an extraordinary general meeting (“**EGM**”) of A-REIT’s unitholders (“**Unitholders**”) will be convened to seek approval for, among other matters, the proposed issue of up to S\$400.0 million worth of new units (“**New Units**”) in A-REIT (“**Equity Fund Raising**”). The gross proceeds from the Equity Fund Raising, will be used to partly finance A-REIT’s proposed acquisitions (“**Acquisitions**”) of Infineon Building, Techpoint, Exklusiv Centre, CG Aerospace Building, Autron Building, SB Building, Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building, MacDermid Building, Wisma Gulab, Steel Industries Building and Volex Building (together, the “**Properties**”), for an aggregate amount of S\$441.2 million (including acquisition costs and before allowance for deferred settlements of S\$38.7 million), with the balance to be funded by debt.

Mr Tan Ser Ping, Chief Executive Officer of the Manager said, “A-REIT has performed well in this first half year of FY2005, delivering a distribution per unit of 4.46 cents, a 10% improvement over the prior corresponding period. The improvement in the economy and the impact of new acquisitions is reflected in the portfolio’s higher occupancy rate of 92.7% for A-REIT’s 19 properties as at 30 September 2004, up from 89.8% for 17 properties as at 30 June 2004.

The acquisition trail continues as our portfolio expands from 19 properties to 32 by December 2004. Barring any unforeseen circumstances, A-REIT expects to pay out 9.26 cents per unit for FY 2005 and 9.86 cents per unit for FY 2006 following the completion of the proposed acquisitions, as stated in the circular dated 14 October 2004 despatched to Unitholders in connection with the EGM and based on the assumptions therein.”

Delivered Performance

A-REIT will pay out a DPU of 5.09 cents for units trading on the main stock counter, *Ascendasreit*, which comprises the accrued distribution of 0.63 cents per unit for the period from 4 March 2004 to 31 March 2004 (due to the advance distribution paid out before the equity fund raising exercise in February 2004) and 4.46 cents per unit for the period from 1 April 2004 to 30 September 2004. Units trading on the temporary stock counter, *Ascendasreit A*, which were issued under a private placement exercise in June 2004 involving approximately 82 million units, will receive a DPU of 2.51 cents for the period from 23 June 2004 to 30 September 2004. Distributions for units trading under both counters will be paid out on 23 November 2004.

In this half-year, A-REIT has delivered a capital return of 22.0% in respect of the units traded under the stock counter *Ascendasreit*, based on the opening price of S\$1.27 per unit on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 1 April 2004 and the closing price of S\$1.55 per unit on the SGX-ST on 30 September 2004. Including the distributable income per unit of 4.46 cents for the six months ended 30 September 2004, the total return was 25.5%.

A-REIT has announced on 30 September 2004 that it will be paying quarterly distributions with effect from the current distribution period (1 October 2004 to 31 December 2004).

Enlarged Portfolio

A-REIT completed the acquisition of Nan Wah Building, Progen Building and Phase One of C & P Logistics Hub in the half-year, bringing the total number of A-REIT’s properties to 19. With the announcement of another 13 yield-accretive acquisitions, including the acquisition of Infineon Building as announced in September 2003, A-REIT is expected to

have a total of 32 properties and a total asset value of S\$1.78 billion by the end of December 2004.

Capital Management

During the half-year, A-REIT established a S\$1.0 billion multi-currency secured Medium Term Note (“**MTN**”) programme with an initial issuance of S\$300 million AAA-rated Commercial Mortgage Backed Securities (“**CMBS**”) secured by 17 properties in A-REIT’s portfolio. It was successfully priced at 33 basis points above the Euro Interbank Offered Rate. The MTN programme was used to partially refinance A-REIT’s existing bank loans.

A-REIT continues to manage its exposure to interest rate fluctuations by effecting interest rate swaps. As at 30 September 2004, S\$260 million of interest rate swaps, representing 72.4% of A-REIT’s borrowings had been effected. The average interest rate of the swaps is 2.42% and the weighted average term remaining is 3.7 years. A-REIT’s average borrowing costs (including margins, floating interest rate loans and amortised/annual costs of the CMBS) was 2.56% as at 30 September 2004.

Extraordinary General Meeting

A circular dated 14 October 2004 relating to the EGM (the “**Circular**”), will shortly be despatched to Unitholders by the Manager. The Circular sets out details of the Equity Fund Raising, the approvals sought, the details of the Properties, the benefits of the Acquisitions and the Equity Fund Raising as well as their impact on A-REIT. The Circular will also be available on A-REIT’s website at www.a-reit.com by 12 noon on 15 October 2004.

The EGM will be held on 2 November 2004 at 2.30 p.m. at Collyer Room, Level 4, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882.

The following resolutions will be put to Unitholders at the EGM:

1. Approval of the proposed acquisition of Infineon Building;
2. Approval of the proposed issue of new units as partial consideration for the proposed acquisition of Infineon Building;

3. Approval of the proposed acquisition of Techpoint;
4. Approval of the proposed issue of new units as partial consideration for the proposed acquisition of Techpoint;
5. Approval of the proposed issue of New Units under the Equity Fund Raising;
6. Approval of a placement of New Units to MGM Singapore Pte. Ltd., a substantial Unitholder;
7. Approval for supplementing A-REIT's trust deed in connection with the issue of New Units as partial consideration for the acquisition of a property;
8. Approval for supplementing A-REIT's trust deed to permit the manager to elect to receive payment of its base fee and performance fee in units and/or cash; and
9. Ratification of the issue of 82,142,857 units in June 2004 at an issue price of S\$1.40 per unit and refreshing A-REIT's general mandate for the issue of units.

The Equity Fund Raising will comprise: the placement of up to S\$400.0 million worth of New Units by DBS Bank Ltd ("**DBS**") and Macquarie Securities (Singapore) Pte Ltd ("**Macquarie**") by way of:

- a preferential offering of approximately 79 million New Units (subject to rounding) to the Singapore Registered Unitholders³ on a non-renounceable basis of 1 New Unit for every 10 of the existing units in A-REIT (the "**Existing Units**") held as at the Books Closure Date⁴ on 16 November 2004 at 5.00 p.m. (the "**Preferential Offering**");
- an offering of New Units, by way of:
 - a. an offering of New Units to retail investors in Singapore through the automated teller machines of DBS Bank Ltd (including POSB) on a "first-come, first-served" basis (the "**ATM Offering**"); and
 - b. a private placement of New Units to retail and institutional investors (the "**Private Placement**").

If the proposed issue of New Units for the purpose of the Equity Fund Raising is approved by Unitholders at the EGM, the issue price per New Unit will be determined closer to the date of commencement of the Equity Fund Raising.

³ Unitholders as at 16 November 2004 at 5.00 p.m. other than those whose registered addresses with The Central Depository (Pte) Limited ("CDP") are outside Singapore, who do not have a "rights" mailing address with CDP and who have not, at least five market days prior to 16 November 2004, provided CDP with addresses in Singapore for the service of notices and documents.

⁴ Date on which the Transfer Books and Register of Unitholders of A-REIT will be closed to determine the provisional allocations of Singapore Registered Unitholders under the Preferential Offering.

The Preferential Offering⁵ and Private Placement will be jointly underwritten by DBS and Macquarie and the ATM offering will be underwritten by DBS.

Approval-in-principle has been obtained from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of up to 285,715,000 New Units proposed to be issued for the purpose of the Equity Fund Raising, the acquisition of Infineon Building and the acquisition of Techpoint.

Undertakings from Ascendas Land (Singapore) Pte Ltd, MGM Singapore Pte. Ltd. and the Manager

In support of the Equity Fund Raising, Ascendas Land (Singapore) Pte Ltd and MGM Singapore Pte. Ltd. (both of which are substantial Unitholders) as well as the Manager have undertaken to take up their respective allocations of New Units under the Preferential Offering.

Benefits to Unitholders

The Acquisitions will benefit Unitholders by delivering increased earnings and distributions; enhancing the stability of earnings and distributions through extending A-REIT's weighted average lease term to expiry to 6.0 years based on 32 properties from the current 5.2 years based on A-REIT's 19 existing properties; reducing reliance on any one property in A-REIT's portfolio such that no single property will account for more than 11.6% of A-REIT's total net property income; enhancing the tenant base and providing growth through contractual stepped rental increases incorporated into the long term leases at eight of the Properties.

Upon completion of the Equity Fund Raising and the Acquisitions, the projected DPU is 9.86 cents for the financial year ending 31 March 2006, a 6.6 per cent. increase from the base of 9.25 cents per unit based on A-REIT's existing 19 properties before the acquisitions.

⁵ Excluding units allocated to Ascendas Land (Singapore) Pte Ltd, MGM Singapore Pte Ltd and the Manager.

Future Funding Flexibility

In line with A-REIT's capital management strategy, the Equity Fund Raising provides financing for the Acquisitions at an optimal mix of debt and equity and at the same time maintains A-REIT's flexibility to make further property acquisitions through debt. A-REIT's gearing is expected to be reduced to approximately 26% upon completion of the Acquisitions.

Distribution for the Quarter Ending 31 December 2004

The New Units issued under the Equity Fund Raising as well the new units to be issued as partial consideration for the acquisitions of Infineon Building and Techpoint will only be entitled to participate in the distributable income of A-REIT for the period from the date of their issue to 31 December 2004 whereas the Existing Units are entitled to participate in A-REIT's distributable income for the entire distribution period from 1 October 2004 to 31 December 2004.

Key dates

Last date and time for lodgement of proxy forms	31 October 2004 at 2.30 p.m.
Date and time of EGM	2 November 2004 at 2.30 p.m.
<i>If the Equity Fund Raising is approved by Unitholders</i>	
Last day of trading 'cum' entitlement to participate in the Preferential Offering	9 November 2004 at 5.00 p.m.
Date on which the Transfer Books and Register of Unitholders will be closed to determine provisional allocations under the Preferential Offering	16 November 2004 at 5.00 p.m.

- End -

This press release should be read in conjunction with A-REIT's 2nd quarter and half-year financial statements announcement for the period from 1 April 2004 to 30 September 2004 announced on MASNET.

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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 listed on the SGX-ST. It has a diversified portfolio of 19 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\$1.25 billion (excluding C & P Logistics Hub Phase II due for completion in December 2004). 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, Honeywell, IHPC, Zuellig Pharma, IDS Logistics Services, OSIM International, Venture Corporation, Ultro Technologies, Ghim Li Global, Nan Wah Marketing and Progen Holdings.

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 won the "Most Transparent Company" in the SIAS 5th Investors' Choice Awards under the REIT category in September 2004. In July 2004, A-REIT was voted 1st Place for Best Investor Relations by sell-side analysts in Singapore, in the 2004 Asia Equities Market Report conducted by Institutional Investor Research Group.

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 costs), 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 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.