

Press Release  
16 January 2007



**A-REIT reports Third Quarter DPU of 3.20 cents which is  
6.3% above prior corresponding period**

**Highlights for 3Q FY06/07:**

1. Distribution per unit (“**DPU**”) of 3.20 cents is 6.3% above prior corresponding period (“**pcp**”) of 3.01 cents
2. Gross revenue of S\$71.1 million is 16.1 % above pcp of S\$61.2 million
3. Net property income of S\$52.8 million is 13.9 % above pcp of S\$46.3 million

**Summary of A-REIT Results** (For the three months ended 31 December)

|                                   | <b>3Q FY 2006/07</b> | <b>3Q FY 2005/06</b> | <b>Variance (%)</b> |
|-----------------------------------|----------------------|----------------------|---------------------|
| Gross Revenue (S\$m)              | 71.1                 | 61.2                 | 16.2                |
| Net Property Income (S\$m)        | 52.8                 | 46.3                 | 14.0                |
| Net Income (S\$m)                 | 39.0                 | 37.9                 | 2.9                 |
| Available for distribution (S\$m) | 41.0                 | 38.3                 | 6.8                 |
| Third quarter DPU (cents)         | 3.20                 | 3.01                 | 6.3                 |

**16 January 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 3.20 cents per unit for the three months ended 31 December 2006, an increase of 6.3% on the 3.01 cents recorded in the pcp.

Chief Executive Officer of the Manager, Mr Tan Ser Ping said, “We are pleased to announce that the positive result is attributable to a larger portfolio and positive rental reversions, especially from suburban properties in the existing portfolio, due to higher demand for such properties as a result of the well performing economy.

Overall occupancy was 96.1% as compared to 94.7% in the prior corresponding period. The renewal rental rates for Hi-Tech Industrial and Business & Science Park properties have also increased by about 14% over existing rates in the past three months.

We continue to expect new enquiries for the Hi-Tech Industrial sector as well as the Business and Science Park sector as companies look for lower cost, quality business space as an alternative to CBD office space which is experiencing escalating rental rates.

In addition, we will continue to work with existing and potential tenants to provide business space solutions to meet their needs while continuing to acquire quality properties to deliver value to our unitholders.”

### **Stable Distribution Yield**

A-REIT's total net income available for distribution rose to S\$41.0 million in the three months ended 31 December 2006, a 6.8% increase over the pcp.

A-REIT will pay out a DPU of 3.20 cents for the three months ended 31 December 2006 on 28 February 2007. This represents an annualised yield of 4.8% based on the closing price of S\$2.67 per unit on 29 December 2006.

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

As at 31 December 2006, A-REIT had a portfolio of 68 properties with a total value of S\$3 billion, housing a tenant base of over 750 international and local companies. During the quarter, A-REIT completed the acquisition of the LabOne Singapore building for S\$20.0 million and the development of a built-to-suit warehouse retail facility (Courts Megastore) for Courts (Singapore) Limited.

In January 2007, A-REIT completed the purchases of Super Industrial Building and 26 Senoko Way for S\$49 million and 27 International Business Park for S\$18.6 million.

In addition, A-REIT has announced acquisitions/developments of another five properties that have yet to be completed:

- 1) A warehouse retail facility worth about \$66 million currently being constructed for Cold Storage Singapore (1983) Pte Ltd is expected to be completed in March 2007.
- 2) A partial build-to-suit business park property (HansaPoint @ CBP) will be built at Plot 15 Changi Business Park with Rohde & Schwarz Singapore Pte Ltd as the anchor tenant. The \$28.6 million building is expected to be completed by early 2008.
- 3) 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 \$32 million development project is expected to be completed by early 2008.
- 4) 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.
- 5) A logistic and distribution facility, currently being built by the vendor, Goldin Enterprises Pte Limited, will be acquired for S\$22.5 million in the second half of 2008 upon satisfaction of certain conditions precedent.

These 12 projects amount to about \$425 million of acquisitions and developments announced as far this financial year.

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

The overall occupancy of A-REIT's portfolio of 68 properties was 96.1% as at 31 December 2006 compared to 94.7% in the pcp. The occupancy rate for A-REIT's multi-tenanted buildings was 93.1% for this quarter compared to 89.7% in the pcp.

The Manager has successfully renewed or leased a total of 51,816 sqm of space in the third quarter. The weighted average lease term to expiry of A-REIT's portfolio remained stable at 6.3 years as at 31 December 2006.

A-REIT strives to provide total business space solutions to meet the real estate needs of its customers. Having a well-diversified property portfolio spread across a number of sub-sectors, namely, Business and Science Parks properties, Hi-Tech Industrial properties, Light Industrial properties, flatted factory space, Logistics and Distributions centres as well as

Warehouse Retail Facilities enables us to provide the most appropriate business space for our customers. These sub-sectors are exposed to different segments of the economy and have different growth drivers. No single property accounts for more than 6.1% of the monthly gross revenue.

As part of A-REIT's active asset management planning, it will be undertaking an asset enhancement project in the Alpha building. When completed, it will add 3,527 square metres to the building which will be occupied by a leading Singapore listed company. This is in addition to the asset enhancement project undertaken at Telepark whereby additional 352 sqm of space created has been fully tenanted resulting in an increase in the property yield by 0.3% on the \$191 m property.

### **Capital Management**

A-REIT continues to minimize the risk of interest rate fluctuations by hedging a large portion of its interest rate exposure.

As at 31 December 2006, 87.9% of A-REIT's debt has been fixed through the use of interest rate derivatives for a remaining weighted average term of 3.7 years.

Given the positive outlook for global interest rates due to anticipation of rate cuts by the Federal Reserve in 2007, A-REIT will be well positioned to fund its acquisition and development programme with a combination of short term and long term funding, whilst maintaining certainty of funding costs on a significant proportion of its current debt portfolio.

### **Outlook for 2007**

According to Ministry of Trade And Industry estimates, the Singapore economy is expected to grow by 4% to 6% in 2007.

As a result of this positive growth, the industrial property market is expected to continue to improve. Demand for business space is expected to be buoyant assisted by incentives provided by Economic Development Board for companies to set up headquarters and the recent wave of financial institutions and other businesses setting up new regional offices or expanding their operations in Singapore. This is expected to have a positive impact on the

rental rates in the Business & Science Park and Hi-Tech Industrial sectors which make up 46% in aggregate of A-REIT's portfolio.

However, the outlook for the flatted factories and the Logistics and Distribution centres sectors remain subdued because of the relatively high vacancy rates in the former sector and expected new supply in the latter sector.

Drawing on the positive economic outlook for 2007, the Manager expects to deliver on its strategy of providing predictable distributions and capital stability in the coming months.

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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 71 properties in Singapore, comprising suburban office space (including Business and Science Parks), high specifications industrial mixed use properties, Light Industrial properties, Logistics and Distributions centres as well as warehouse retail facilities, with a book value of S\$3.1 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, IHPC, Zuellig Pharma, LFD (Singapore), OSIM International, Venture Corporation, Federal Express, Freight Links Express, Johnson & Johnson, RSH, Infineon Technologies, Procter & Gamble, Hyflux, Group Exklusiv Pte Ltd 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.

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 Macquarie Goodman Management 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.