

**A-REIT to develop a Build-to-Suit distribution centre
at Changi International LogisPark (North)
for S\$32.5 million**

21 November 2006, Singapore – Ascendas-MGM Funds Management Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”) is pleased to announce that A-REIT will undertake the development of a partial build-to-suit distribution facility at Plot 7 & 8 Changi LogisPark (North) (the “**Property under Development**”) with Zuellig Pharma Pte Ltd (“**Zuellig Pharma**”) as the anchor tenant. The proposed development is expected to cost about S\$32.5 million and is expected to be completed by beginning of 2008.

Mr Tan Ser Ping, Chief Executive Officer of the Manager, said: “We are pleased to help Zuellig Pharma, an existing tenant, meet their expanding business needs by developing this partial build-to-suit facility. This development not only strengthens A-REIT’s relationship with Zuellig Pharma, but also reaffirms A-REIT’s commitment in providing total business space solutions that help our tenants improve their operating efficiency. It also demonstrates our dedication to pursuing organic growth and increasing long-term value for our unitholders by increasing our share of premium grade properties in the various sectors that we are engaged in.”

Description of the Property under Development

Located in the eastern part of Singapore, the Property under Development is within Changi LogisPark (North), a new park designated for the logistics, distribution, and aeronautical industries. It is readily accessible to other parts of Singapore via the Pan-Island Expressway and East Coast Parkway

Sited on a land area of 20,137 sqm, the proposed Property under Development will be a two-storey distribution centre cum office facility. The land tenure is 60 years commencing 1 January 2007 (includes an option to renew for 30 years).

The Property under Development is expected to have a gross floor area of 30,439 sqm and net lettable floor area of 28,619 sqm. Zuellig Pharma, a leading marketing and distribution company for pharmaceutical products, will be the anchor tenant with commitment for 80% of the space for a period of 10 years from the completion of the building with an option to renew for another 5+5 years upon the expiry of the initial lease. The remaining 20% of the space will be leased to third-party users.

Terms of the Development Agreement

A-REIT has executed a legally binding offer for lease with Zuellig Pharma on 20 November 2006 for approximately 80% of total lettable area for a 10-year period, which shall commence upon the building obtaining the Temporary Occupation Permit ("TOP"), expected in the beginning of 2008. This transaction also includes a lease restructuring on Zuellig Pharma's existing tenancy in Changi Logistic Centre (CLC) which will be vacated upon the completion of the Property under Development.

A-REIT will capitalise the holding costs for the development and no income will be received during the development period. As a result, the Property under Development has no impact on A-REIT's Distributable Income Per Unit ("DPU") during the development period.

Assuming stabilised occupancy at 87% (which is the average occupancy for the logistics sector as at 30 September 2006) and at prevailing market rent, the pro forma full year DPU accretion will be 0.02 cents per unit ⁽¹⁾.

Zuellig Pharma will pay for utilities while A-REIT will be responsible for the payment of property tax, maintenance expenses, land rent and lease management fee. A-REIT will also incur costs amounting up to S\$0.325 million (being 1% of the total development cost) representing the acquisition fee payable to the Manager

⁽¹⁾Assuming that: A-REIT had completed the Property under Development on 1 April 2005 and held and operated it for the whole of the financial year ended 31 March 2006 (based on 65 properties); the Property under Development was funded using the optimal gearing level of 40% debt and 60% equity; and in respect of the Property under Development, the Manager had elected to receive its base fee entirely in cash and its performance fee entirely in units.

A-REIT has appointed Ascendas Land Singapore Pte Ltd as the Development Manager and Ascendas Services Pte Ltd as its Project Manager to oversee and supervise the development and construction process.

According to the updated Code of Collective Investment Schemes as at 20 October 2005 issued by the Monetary Authority of Singapore, the total contract value of property development activities undertaken and investments in uncompleted property developments should not exceed 10% of the property fund's deposited property. The value of the proposed Property under Development currently accounts for about 1.1% of A-REIT's deposited property. Together with the two warehouse retail facilities currently being developed for Courts and Cold Storage and a partial Build-to-Suit building at Plot 15 Changi Business Park for Rohde & Schwarz, A-REIT's exposure on development projects is about 6.5%. This will be reduced to 4.3% upon completion of the Courts development in December 2006.

Interests of Directors and Controlling Shareholder

No Director of the Manager or controlling shareholder of A-REIT has any interest, direct or indirect, in the transaction, other than by way of fees payable to the Manager and Ascendas Group. The acquisition fee and base management fees payable to the Manager, and project management fees payable to Ascendas Group, are on the same basis as what was disclosed in the A-REIT prospectus dated 5 November 2002, therefore the Listing Rules relating to Interested Person Transactions are not applicable to these fees. The development management fee payable to Ascendas Group is an Interested Person Transaction under the Listing Rules. Due to the expected quantum of this fee, unitholder approval may not be required; however, the Manager's Audit Committee will review the development management fee and unitholder approval, if required, will be sought before any payments are made.

A-REIT currently has a portfolio of 67 properties and has previously announced six additional proposed acquisitions, worth in aggregate about S\$229 million that have yet to be completed: Super Industrial Building & 26 Senoko Way are expected to be completed in January 2007. Separate warehouse retail facilities are currently being built for Courts (Singapore) Limited and Cold Storage Singapore (1983) Pte Ltd which are expected to be completed in November 2006 and March 2007 respectively. A partial build-to-suit business park will be built at Plot 15 Changi Business Park for

about \$28.6m and is expected to be completed by early 2008, as well as a logistic and distribution facility, currently being built by the vendor, Goldin Enterprises Pte Limited, will be acquired for S\$22.5 million in 2008 upon satisfaction of certain conditions precedent.

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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 ("REIT") listed on the SGX-ST. It has a diversified portfolio of 67 properties in Singapore, comprising suburban office space (including business park and science park properties), high specifications industrial mixed use properties, light industrial properties, and logistics and distribution centres, with a book value of S\$2.9 billion. These properties house a tenant base of over 740 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 and Hyflux.

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 corporate family credit rating of A3 was assigned to A-REIT by Moody's Investors Service in December 2005.

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.