

**A-REIT to develop a Build-to-Suit building
at Changi Business Park for S\$28.6 million**

18 September 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 business park building at Plot 15 Changi Business Park (the “**Property under development**”) with Rohde & Schwarz Singapore Pte Ltd (“**Rohde & Schwarz**”) as the anchor tenant. The proposed development is expected to cost about S\$28.6 million.

Mr Tan Ser Ping, Chief Executive Officer of the Manager, said: “We are pleased to be given this opportunity to build a brand new regional headquarters for Rohde & Schwarz to meet their expanding business needs. This transaction strengthens A-REIT’s relationship with Rohde & Schwarz, an existing customer in our portfolio; and demonstrates our commitment to pursuing organic growth and increasing long-term value for our unitholders.”

Description of the Property under development

Located in the eastern part of Singapore and within the Changi Business Park, the property under development is within walking distance to the Expo MRT station and is in close proximity to the Singapore Expo and Singapore Changi Airport. It is easily accessible via the Pan Island Expressway and East Coast Parkway; and a 15-minute drive to the Central Business District (“CBD”).

Sited on a land area of 7,779 sqm, the proposed Property will be a seven-storey business park building with 144 basement car park lots. The land will be held on a 60-year lease commencing 1 November 2006 (includes an option to renew for 30 years).

The property under development is expected to have a gross floor area of 19,447 sqm and net lettable floor area of 17,285 sqm. The anchor tenant will be Rohde & Schwarz, a leading supplier of solutions in the fields of test and measurement, broadcasting, radiomonitoring and radiolocation as well as mission-critical radiocommunications. The remaining lettable space will be leased to third-party tenants.

Terms of the Development Agreement

A-REIT has executed a legally binding offer for lease with Rohde & Schwarz on 8 August 2006 which includes details of A-REIT's agreement to develop the business park building and Rohde & Schwarz's commitment to lease approximately 30% of total lettable area on a five-year lease, which shall commence on obtaining the Temporary Occupation Permit ("TOP"), expected to be in the beginning of 2008.

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 90% and at prevailing market rent, the pro forma full year DPU accretion will be 0.06 cents per unit ⁽¹⁾.

The Manager believes that this level of occupancy is achievable. The occupancy rate in A-REIT's portfolio of Business and Science Park properties is 91.2% as at 30 June 2006. In addition, the Manager has more than 15 months from now until expected TOP to market the vacant space. In each of the last two financial years, the Manager has secured new take-up of approximately 10,000 sqm per annum in A-REIT's Business and Science Park asset class. Moreover, the current supply of business park space is relatively limited and demand, including excess CBD demand, remains strong.

⁽¹⁾ Assuming that: the property is completed at the start of the financial year and has a stabilised occupancy of 90% for the whole of the financial year ended 31 March 2006 (based on 65 properties); the property under development was wholly funded by bank debt; and in respect of the property, the Manager had elected to receive its base Fee entirely in cash and its performance Fee entirely in units.

Rohde & Schwarz 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 to S\$0.28 million (being 1% of the total development cost) representing the acquisition fee payable to the Manager.

A-REIT has appointed Ascendas Land Singapore Pte Ltd as Development Manager, and Ascendas Services Pte Ltd as its Project Manager to oversee and supervise the whole 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 property under development currently accounts for about 1.0% of A-REIT's deposited property. Together with the two warehouse retail facilities currently being developed for Courts and Cold Storage, A-REIT's exposure on development project is about 5.4%.

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 will not be required; however, the Manager's Audit Committee will review the development management fee before it is paid.

A-REIT currently has a portfolio of 66 properties and it has previously announced three additional proposed acquisitions, worth in aggregate about S\$150 million, that have yet to be completed: LabOne Building which is expected to be completed in September 2006, and two development projects - separate build-to-suit warehouse

retail facilities for Courts (Singapore) Limited and Cold Storage Singapore (1983) Pte Ltd which are expected to be completed by November 2006 and March 2007 respectively.

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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 66 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.