

# areit

Ascendas Real Estate Investment Trust

## Results Presentation for Year Ended 31 March 2004



15 April 2004

**This Presentation is focused on comparing actual results versus forecasts outlined in the A-REIT Prospectus of 5 November 2002. This shall be read in conjunction with A-REIT's Full Year Financial Statement for period from 1 April 2003 to 31 March 2004 in the Masnet 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, 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

- **Financial Highlights**
- FY 2003/2004 In Review
- Portfolio Update
- Capital Management
- Strategy Going Forward



# Key Highlights

	As at 31 Mar 03	As at 31 Mar 04
<b>Total Assets</b>	<b>S\$636.4 m</b>	<b>S\$1.0 b</b>
<b>Closing Price</b>	<b>S\$0.815</b>	<b>S\$1.27</b>
<b>Market Capitalisation</b>	<b>S\$444.2 m</b>	<b>S\$898.2 m</b>
<b>Gearing</b>	<b>19.6%</b>	<b>25.8%</b>

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# Distributable Income Per Unit

## – 13% above forecast

	For year ended 31 March 2004 S\$'000		
	Actual	Forecast <sup>(1)</sup>	% Change
Gross revenue	65,914	63,652	+ 4
Property operating expenses	(15,604)	(18,896)	(17)
<b>Net property income</b>	<b>50,310</b>	<b>44,756</b>	<b>+ 12</b>
Non-property expenses	(9,719)	(7,446)	+ 31
Net profit	40,591	37,310	+ 9
<b>Available for distribution</b>	<b>45,536</b>	<b>39,520</b>	<b>+ 15</b>
<b>Distribution per unit</b>	<b>8.16</b>	<b>7.24</b>	<b>+ 13</b>

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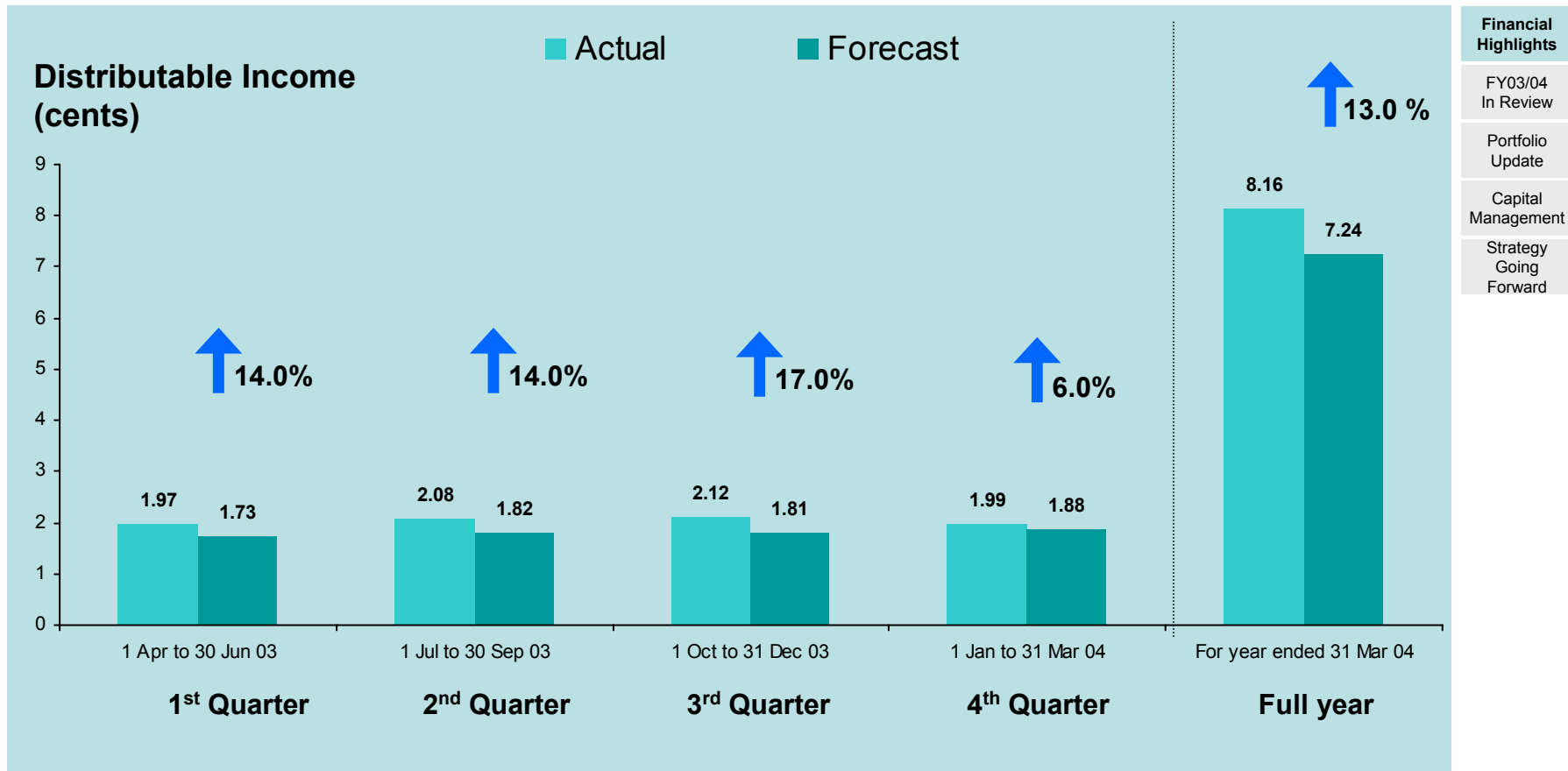
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Note:

(1) The forecast for the period from 1 April 2003 to 31 March 2004 as stated in the prospectus dated 5 November 2002.

Source: A-REIT unaudited Financial Statements for the year ended 31 March 2004

# A-REIT's distributable income per unit above forecast by 13% FY ended 31 Mar 04



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Source: Ascendas-MGM Funds Management Limited for year ended 31 March 2004

# Financial Highlights

- Distributable income** **S\$45,536k**  
 Represents distribution per Unit (DPU)  
 (for year ending 31 March 2004) 8.16 cents
- Annualised trading yield** **9.3%**  
 (based on IPO price of S\$0.88 per unit)
- Annualised trading yield** **6.4%**  
 (based on closing price of S\$1.27 per unit  
 on 31 March 2004)

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# Balance Sheet

	Actual as at 31 March 2003 S\$'000	Actual as at 31 March 2004 S\$'000	% Change
Current Assets	28,829	24,281	
Property Portfolio	607,540	996,431*	
<b>Total Assets</b>	<b>636,369</b>	<b>1,020,712</b>	<b>+ 60.4</b>
External Borrowings	125,000	263,800	
Other Liabilities	13,209	65,262	
<b>Unitholders' Equity</b>	<b>498,160</b>	<b>691,650</b>	<b>+ 38.8</b>

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\* Includes the valuations of the 11 properties as at 31 Dec 2003 valued by Jones Lang LaSalle at S\$698.4m plus total acquisition costs of the 5 properties purchased in Feb/Mar 2004.

Source: A-REIT unaudited Financial Statements for the year ended 31 March 2004



# Balance Sheet Strength

	Actual As at 31 March 2003 S\$'000	Actual As at 31 March 2004 S\$'000
<b>Adjusted net asset value per unit (NAV) (cents)</b>	<b>0.89</b>	<b>0.95</b>
<b>Total Property (%) to Total Assets</b>	<b>95.5</b>	<b>97.6</b>
<b>Total Equity (%)</b>	<b>78.3</b>	<b>67.8</b>
<b>Gearing (%)</b>	<b>19.6</b>	<b>25.8</b>

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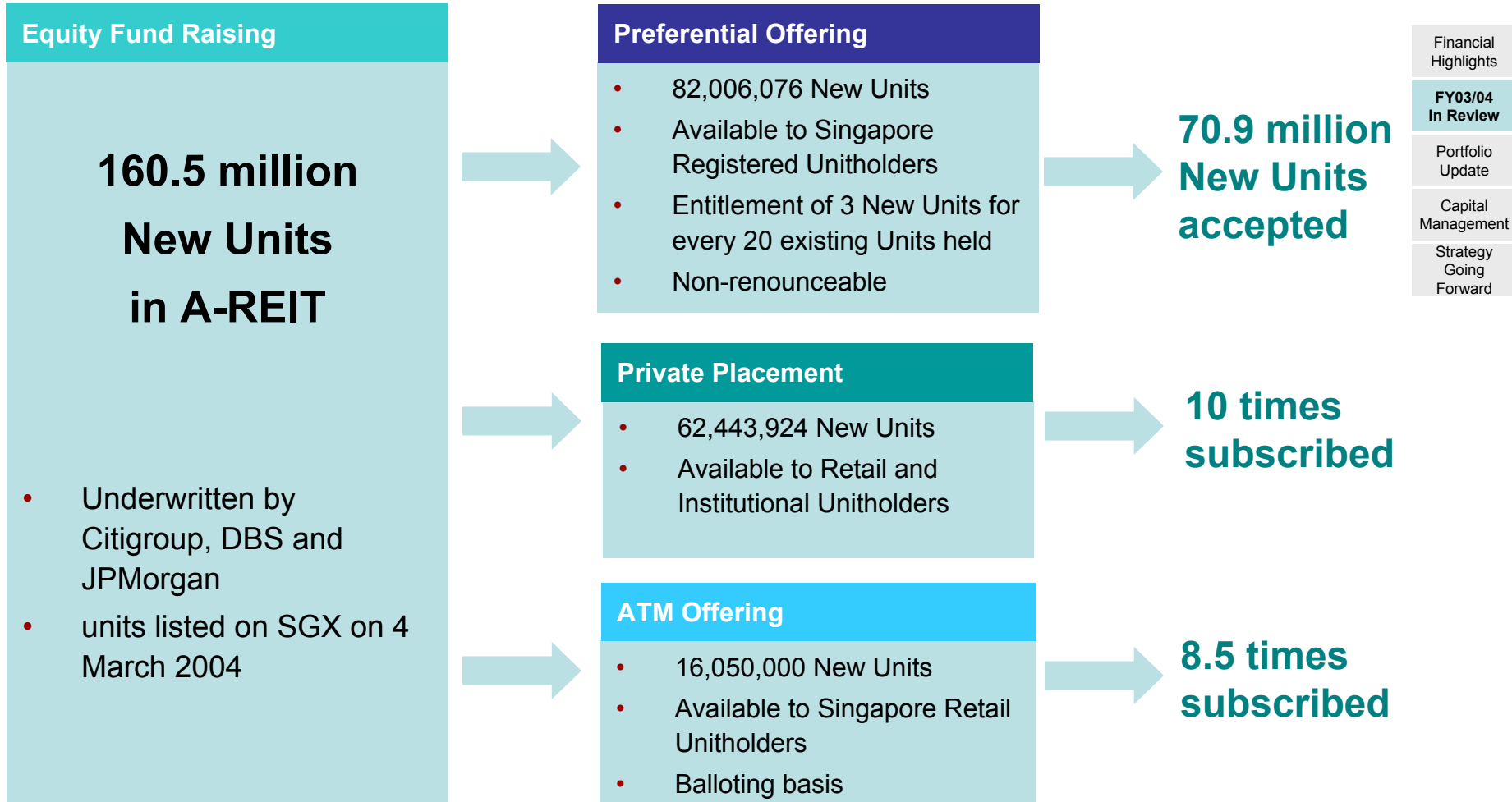
Source: A-REIT unaudited Financial Statements for the year ended 31 March 2004

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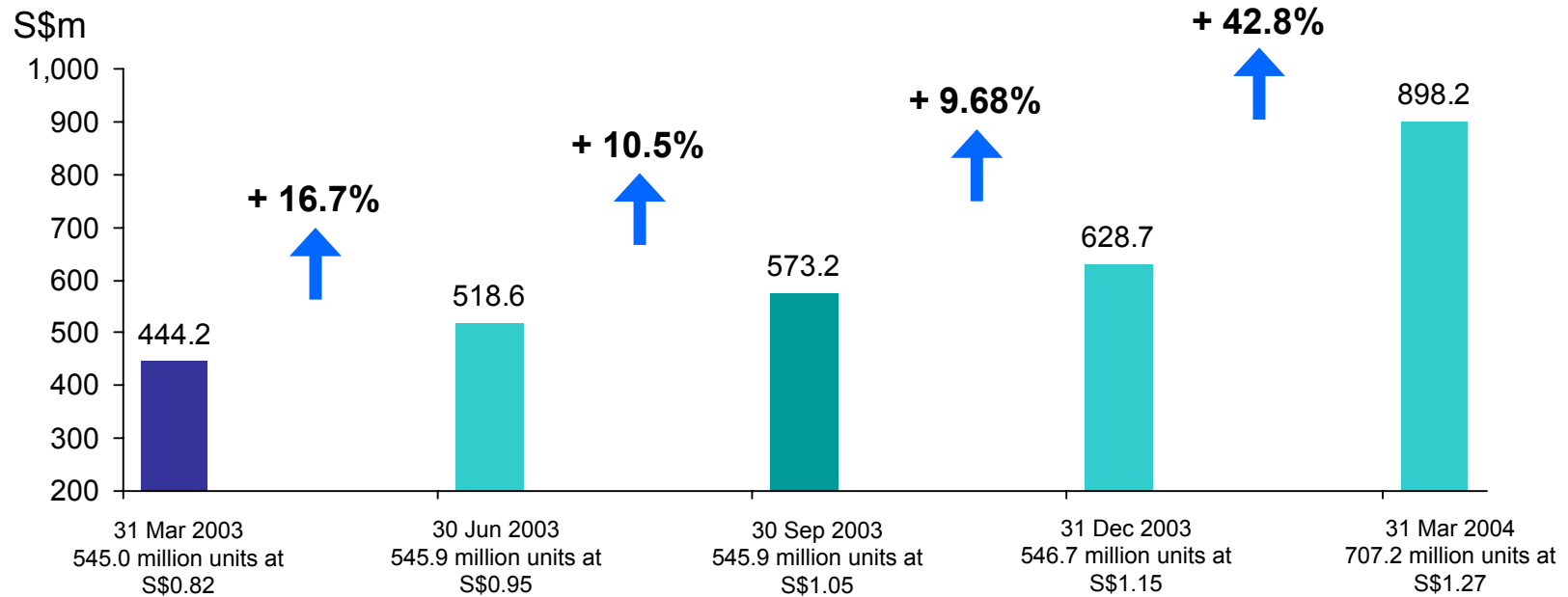
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# Equity Raising Outcome



# Market Capitalisation

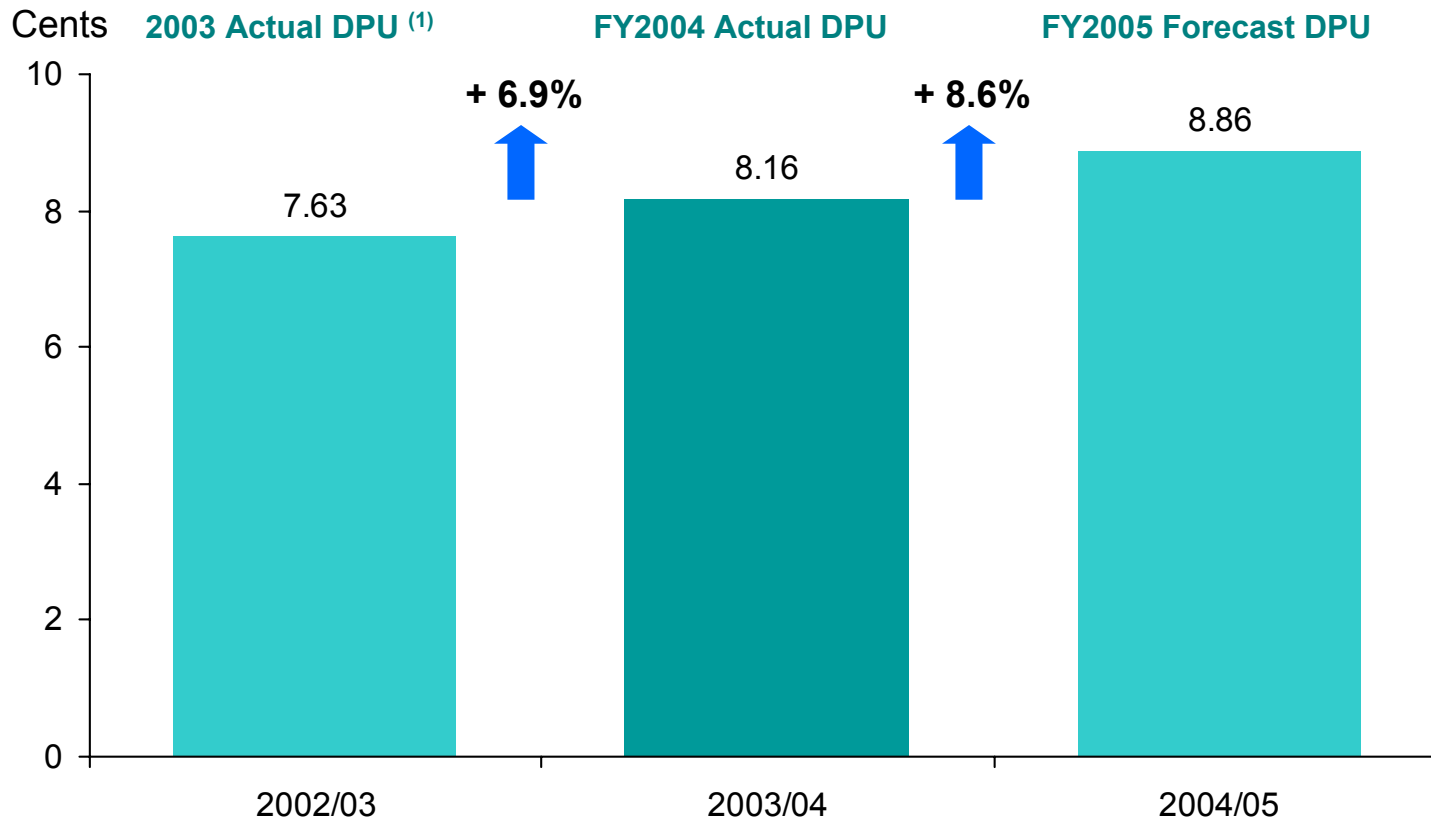


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Source: Ascendas-MGM Funds Management Limited as at 31 March 2004

# DPU Growth

- Increased earnings and distributions



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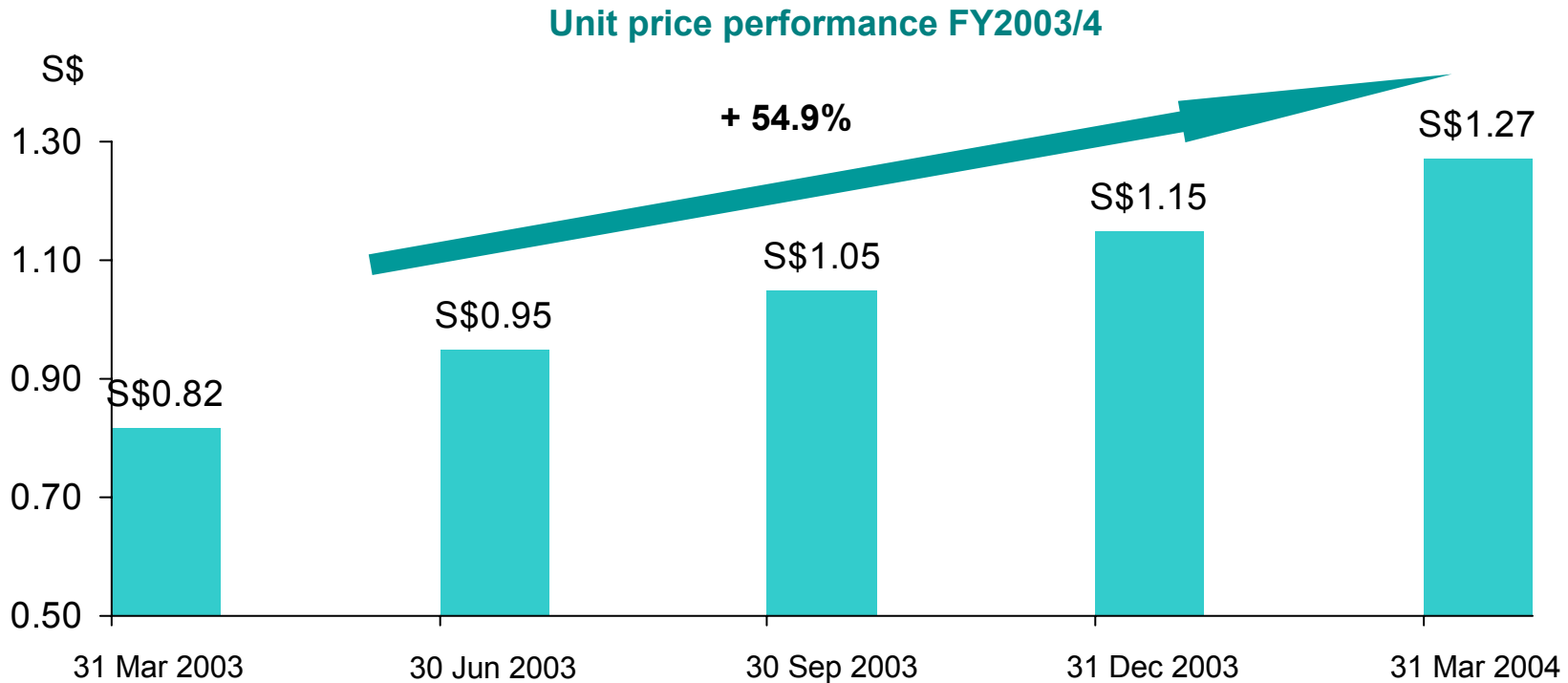
(1) 2003 Actual DPU is annualised. The actual DPU was 2.78 cents for the 133 days ended 31 March 2003

Source: Ascendas-MGM Funds Management Limited

Macquarie Goodman

# Capital Growth

- A-REIT has demonstrated an ability to deliver DPU growth, which has driven capital growth



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Source: Ascendas-MGM Funds Management Limited as at 31 March 2004

# Delivering Total Return of 64.8%

	For the year ended 31 Mar 2004
<b>Yield</b>	<b>9.9%<sup>(1)</sup></b>
<b>Capital Appreciation</b>	<b>54.9%</b>
<b>Total Return</b>	<b>64.8%</b>

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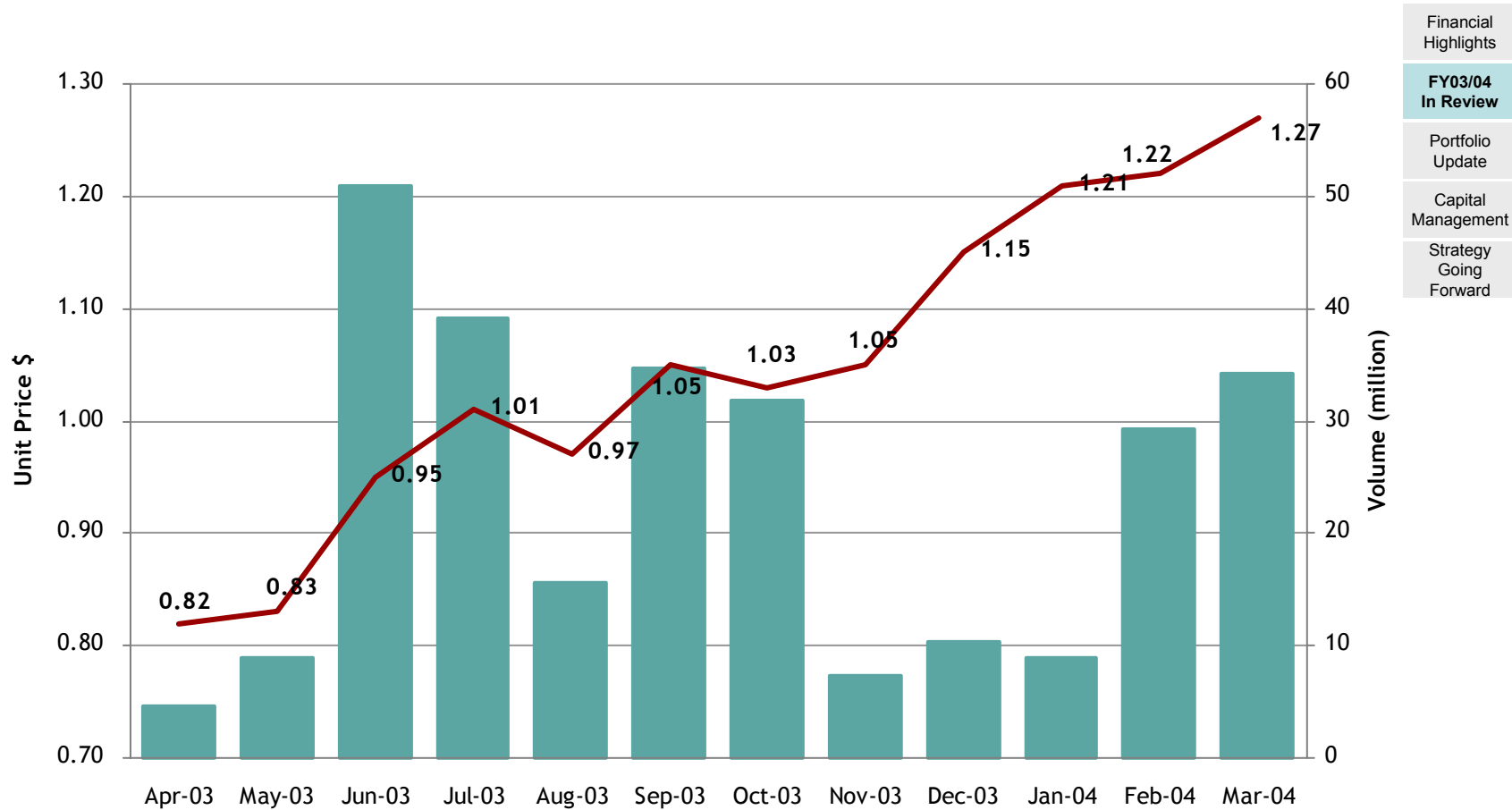
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<sup>(1)</sup> Based on DPU of 8.16 cents and unit price of \$0.82 on 1 Apr 2003

# A-REIT Unit Price and Volume



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# External Factors

## Recent budget announcement 2004:

- Corporate tax reduction to 20%
- Tax exemption for individual unitholders
- Further enhances A-REIT as an attractive investment vehicle

## Inclusion in indices:

- A-REIT was included in FTSE Global Small Cap Asia Pacific Ex Japan Index Series for meeting the FTSE hallmarks
- A-REIT was included in EPRA/NAREIT Global Real Estate Index which is adopted by worldwide investment community

## Others:

- Standard & Poor's picked A-REIT as one of the four Singapore stocks for its "PowerPicks" 2004 Portfolio

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# FY 2003/4 Acquisitions

	Purchase Price \$m	Acquisition Yield %	Rental Escalation
OSIM Building	35.0	9.28%*	20.6% @ year 2 3.60% @ year 3 2.25% pa thereafter
Ultro Building	18.0	8.91%	2.5% pa
Ghim Li Building	13.5	8.85%	9% every 3 years
IDS Logistics	50.0	8.27%	3 yearly market reviews with ratchet clause
TT International	92.0	7.87%*	2.5% pa
Trivec Building	32.0	8.35%	Multi-tenanted
CILC	45.6	8.54%	Multi-tenanted
Siemens Center	65.8	8.26%*	Year 3-8 : 3% every 2 years Year 9-15 : 1.5% pa
<b>TOTAL</b>	<b>351.9</b>	<b>8.35%</b>	

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\* Adjusted for deferred settlements

# Portfolio Update



**The Alpha**



**The Capricorn**



**The Gemini**



**The Aries**



**Techplace I**



**Techplace II**



**Techlink**



**Honeywell Building**



**OSIM HQ Building**



**Ghim Li Building**



**Ultron Building**



**Trivec Building**



**TT Int'l Tradepark**



**IDS Logistics  
Corporate HQ**



**Siemens Center**



**Changi Int'l  
Logistics Centre**

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# Occupancy Highlights

	As at 31 Mar 03 (%)	As at 31 Mar 04 (%)
<b>Honeywell Building</b>	<b>89.6</b>	<b>99.9</b>
<b>The Capricorn</b>	<b>68.9</b>	<b>85.5</b>

	Acquisition Date	Occupancy as at Acquisition Date	As at 31 Mar 04 (%)
<b>Changi Int'l Logistics Centre</b>	<b>9 March 2004</b>	<b>81.0</b>	<b>97.0</b>
<b>Siemens Center</b>	<b>12 March 2004</b>	<b>82.0</b>	<b>95.0</b>

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# Portfolio Highlights

	As at 31 Mar 03	As at 31 Mar 04
<b>Portfolio Occupancy (%)</b>	<b>82.5%</b>	<b>88.8%</b>
<b>Portfolio renewals/leasing (sqm)</b> (% of A-REIT total Net Lettable Area)	<b>36,854<sup>(1)</sup></b> <b>(15%)</b>	<b>120,373</b> <b>(12%)</b>
<b>% of committed revenue for next FY</b>	<b>84.0</b>	<b>85.4</b>
<b>Weighted Average Lease to Expiry (year)</b>	<b>2.38</b>	<b>4.61</b>

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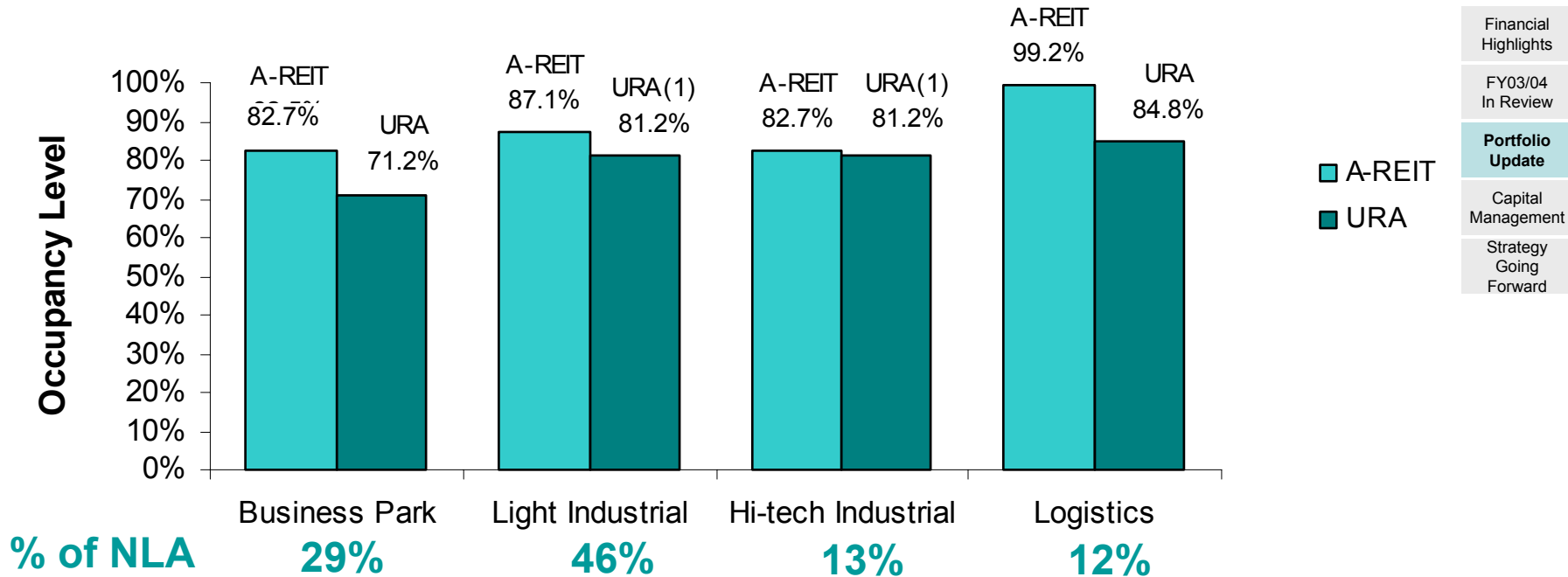
**Note:**  
(1) For 5 months ended 31 March 2003

Source: Ascendas-MGM Funds Management Limited



# A-REIT Portfolio Occupancy

## A-REIT Portfolio Occupancy as at 31 Mar 2004



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**Notes:**

- (1) URA classified Light Industrial & Hi-tech Industrial as multiple-user space
  - Business Park: Honeywell Building, Ultron Building & Science Park Properties: The Alpha, The Gemini, The Capricorn & The Aries
  - Light Industrial: Techplace I & II, OSIM Building and Ghim Li Building.
  - Hi-tech Industrial: Techlink and Siemens Center.
  - Logistics: Properties include Trivec Building and Changi International Logistics Centre, IDS Logistics HQ & TT International TradePark.

Source: URA: Urban Redevelopment Authority Official Statistics as at Dec 2003 [www.ura.gov.sg](http://www.ura.gov.sg) & Ascendas-MGM Funds Management Limited





# A Diverse Portfolio of 16 Properties

## 6 Business / Science Park properties

- The Alpha
- The Aries
- The Capricorn
- The Gemini
- Honeywell Building
- Ultro Building

## 4 Light Industrial properties

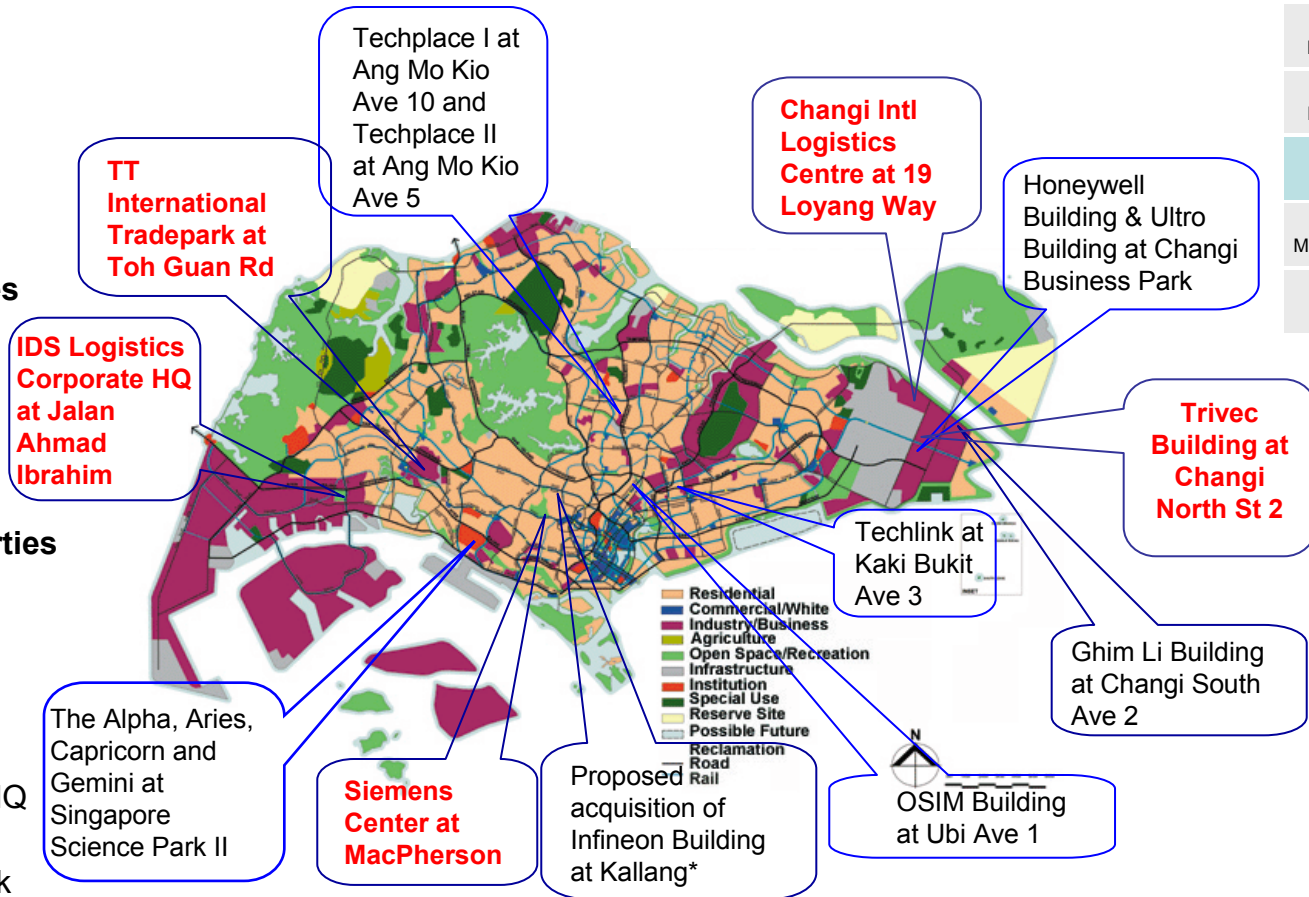
- Techplace I
- Techplace II
- OSIM Building
- Ghim Li Building

## 2 Hi-Tech Industrial properties

- Techlink
- Siemens Center

## 4 Distribution & Logistics Centres

- IDS Logistics Corporate HQ
- Trivec Building
- TT International Tradepark
- Changi Int'l Logistics Centre



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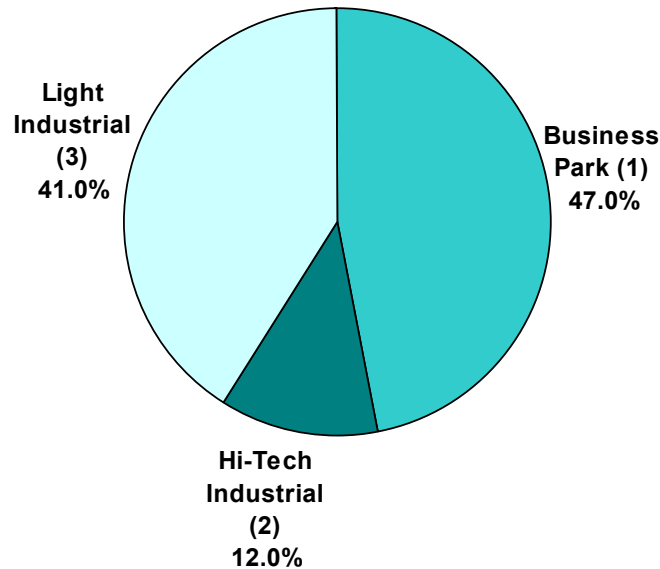
\* A-REIT has an option to acquire the Infineon Building (expected to be completed by Aug/Sep 2004)



# Asset Class Diversification

- Asset class diversification by property value

**Portfolio as at 31 Mar 2003**

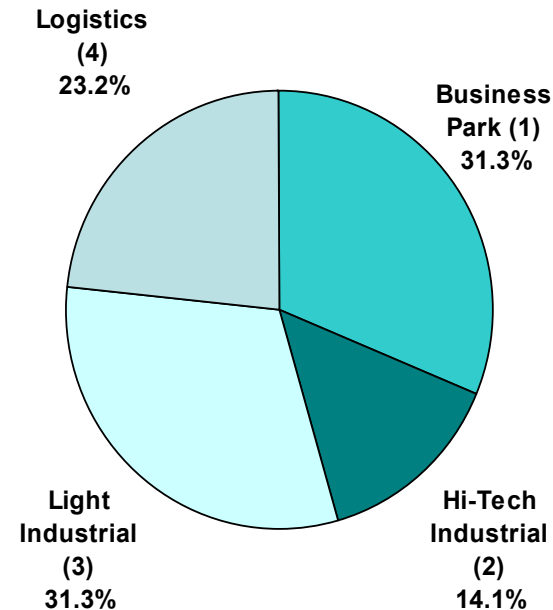


(1) Honeywell Building, The Alpha, The Aries, The Capicorn and The Gemini

(2) Techlink Building

(3) Techplace I and Techplace II

**Portfolio as at 31 Mar 2004**



(1) Honeywell Building, Ultro Building, The Alpha, The Aries, The Capicorn and The Gemini

(2) Techlink Building and Siemens Center

(3) Techplace I, Techplace II, OSIM Building and Ghim Li Building

(4) CILC, IDS Logistics Corporate Headquarters, Trivec Building and TT International Tradepark

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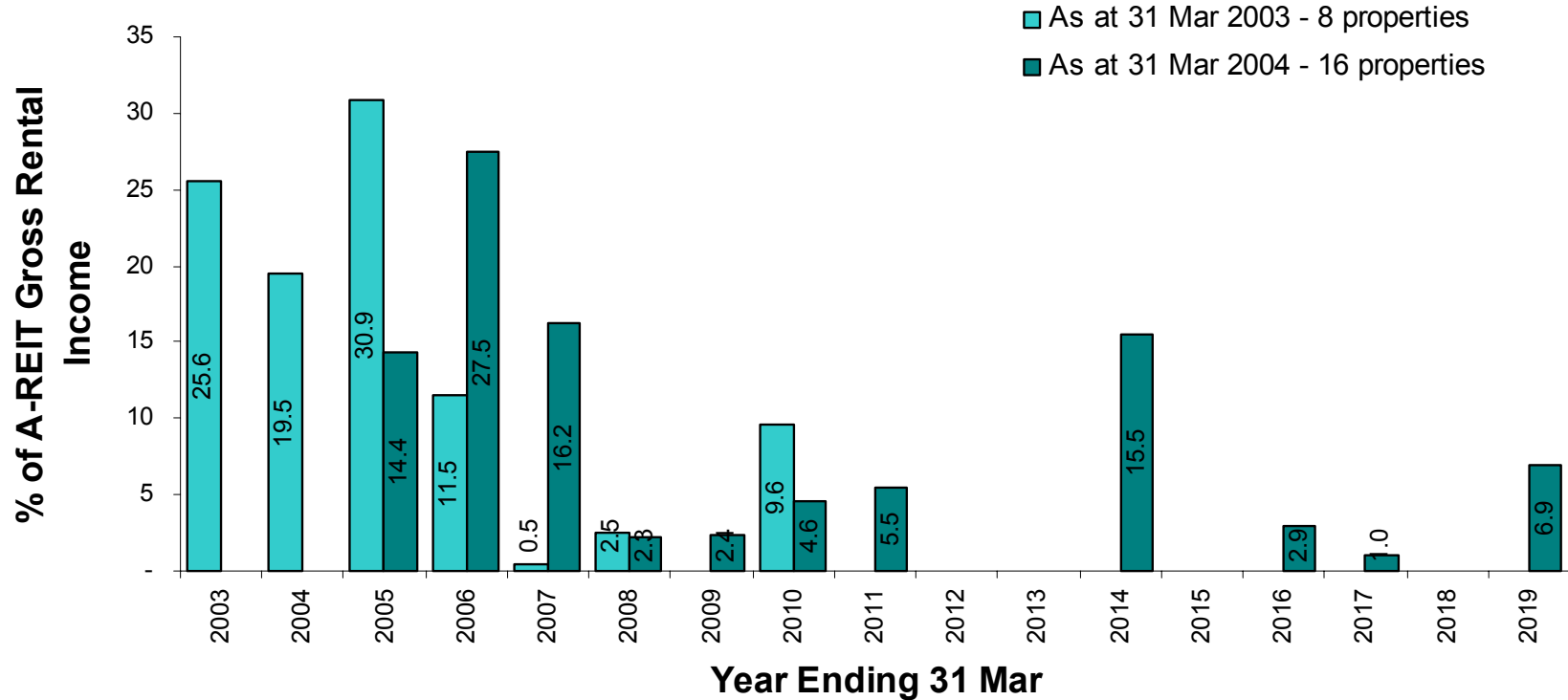
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# Weighted Average Lease to Expiry

- As a result of the acquisitions during the year, this improved lease expiry profile underpins the stability of A-REIT earnings & distributions

Weighted Average Lease To Expiry (By Income)



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Source : Ascendas-MGM Funds Management Limited as at 31 March 2004

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# Capital Management

- **Fixed rate borrowings of S\$190m (via interest swaps) represents 72% of borrowings as at 31 March 2004**
- **External borrowings of \$263.8m as at 31 March 2004**
- **Weighted average term of fixed debt is 2.87 years**
- **Current weighted average all-up funding cost is 2.37% as at 31 March 2004** *(including margins and weighted swap rates for hedged debt and current floating rates on unhedged debt)*

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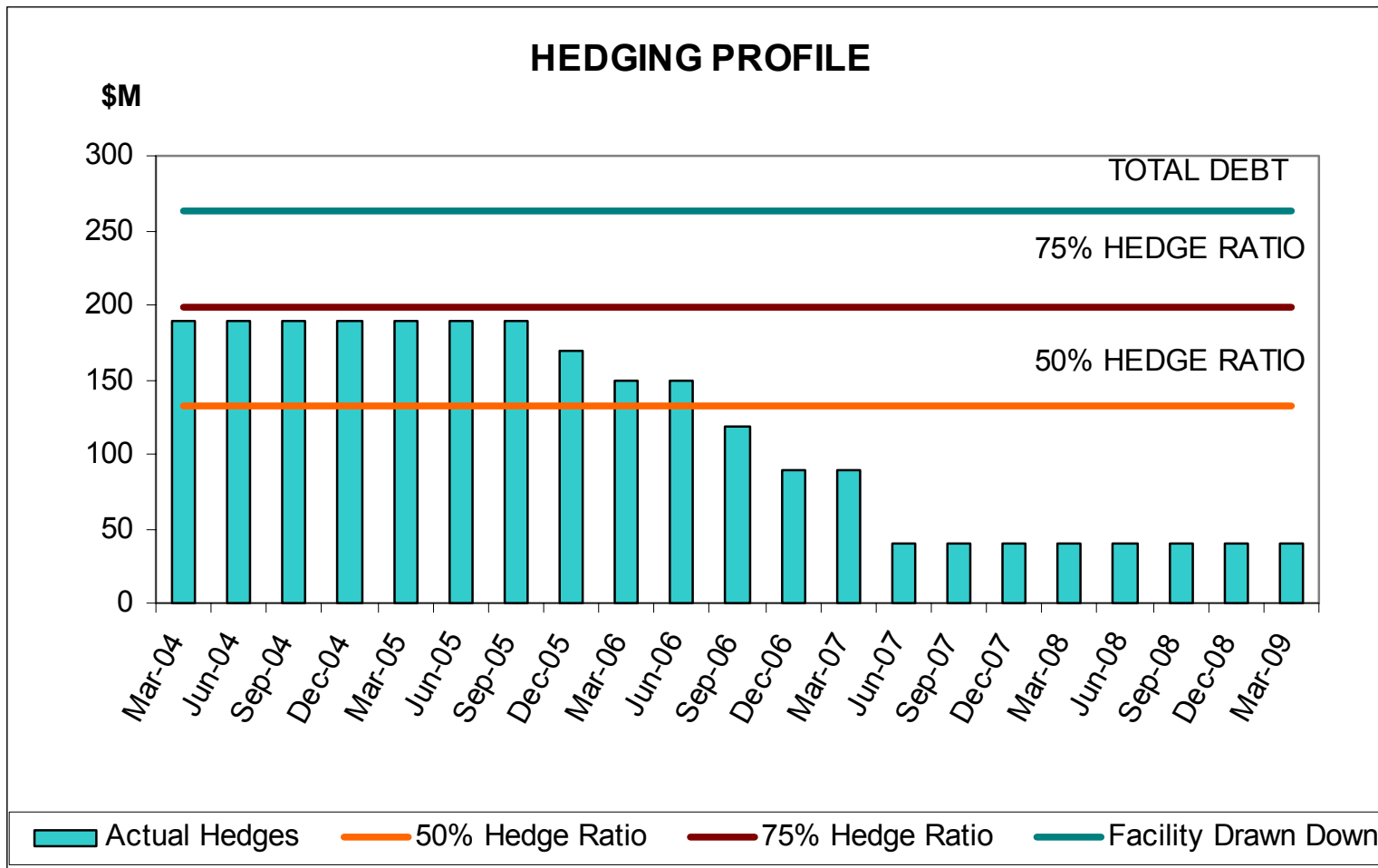
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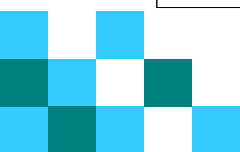
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# Capital Management



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# Capital Management

- **Tax exempt for retail investors**
- **Low percentage of retail investors in A-REIT Unitholder's register – approximately 13.65%**
- **Increased investor interest in Singapore REITs both locally and globally**
- **Increased Market Capitalisation improves Liquidity and Visibility**

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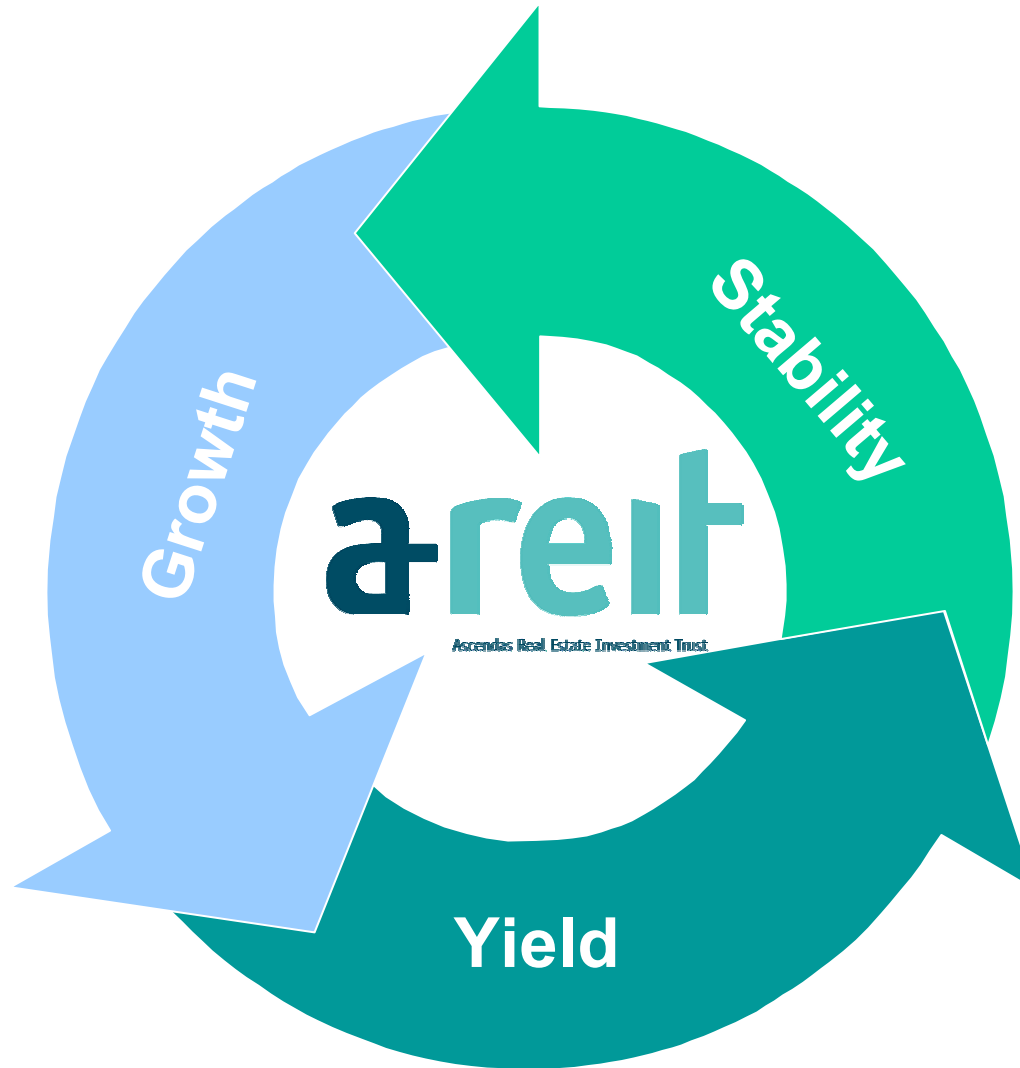


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# Strategy Going Forward



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# Strategy - Three Way Approach

## Existing portfolio

- Increase occupancy
- Increase rental rates
- Maintain weighted average lease terms
- Diversification of property, tenants and industry sectors

## Asset enhancements

- Additional GFA at properties (eg. Techplace II project & Trivec development)
- Cost saving measures and other enhancements when acquiring new properties

## Acquisition

- Infineon Building expected to be ready Aug/Sep 04
- Strategically located properties
- Occupied by tenants with well known profiles providing stability of income
- Long term leases with stepped increase reviews



**TOTAL  
RETURNS  
TO  
UNITHOLDERS**  
(Income  
and  
Growth)

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# Growth – Internal & External



Price	Yield
<b>S\$5.0 m</b>	<b>8.26%</b>
<b>S\$50.9 m</b>	<b>8.18%</b>
<b>Other Build-to-Suits in the pipeline</b>	
<b>Under review</b>	

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# Acquisition Analysis

- **Typical property yield available at 7-8%**
- **Debt Cost (4 year swap + margin) at 3%**
- **Typical Spread available at 4-5%**
- **A-REIT Cost of Capital at approx 6.8%**
- **Yield accretion achieved**

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# Thank You



## Disclaimer

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