



## **Changes in Tax Rules to Benefit A-REIT Unitholders**

**5 April 2004, Singapore** - Ascendas-MGM Funds Management Limited (“**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**AREIT**”) wishes to announce that A-REIT will be the first listed real estate investment trust to take advantage of certain tax changes announced in the Budget Statement 2004. These changes will be beneficial to A-REIT’s unitholders for its upcoming distribution to be paid on 26 April 2004 for the period from 1 October 2003 to 3 March 2004 (the day before the listing of the new units in A-REIT issued pursuant to the recent equity fund raising undertaken by A-REIT).

The changes are as follow:

**(1) Reduction in Corporate Tax Rate to 20% from Year of Assessment 2005**

Inland Revenue Authority of Singapore (“**IRAS**”) has confirmed that the rate of tax deducted at source, if any, to be applied to future distributions will be at the reduced corporate tax rate of 20% from Year of Assessment 2005.

**(2) Tax Exemption of Singapore-sourced Investment Income Derived by Individuals from Financial Instruments on or after 1 January 2004**

The Budget Statement 2004 announced that specified Singapore-sourced investment income derived directly by individuals from financial instruments will be exempted from tax from the Year of Assessment 2005. In this respect, IRAS has confirmed that, with immediate effect, all individuals (excluding partnerships) will receive their gross distributions from A-REIT without tax being deducted at source. In addition, the Ministry of Finance has clarified that the tax exemption will only apply to distributions made out of taxable income that was earned by A-REIT from and including 1 January 2004 and is applicable to individuals who receive such distribution as investment income. Individuals who receive such distributions as gains or profits from any trade, business or profession will

continue to be taxable and are required to declare such distribution as income in their tax returns.

To give effect to these changes, the upcoming A-REIT distribution will be split into two payments as shown in the following table:

**Summary of the Distribution for the period from 1 October 2003 to 3 March 2004**

Period	Distribution Per Unit	Tax Treatment
1 October 2003 to 31 December 2003 <sup>(1)</sup>	2.12 cents	<ul style="list-style-type: none"> <li>• Tax deducted at source for applicable cases, if any, will be at the rate of 20%</li> <li>• Unitholders who receive gross distributions have to pay income tax at their own applicable tax rate</li> </ul>
1 January 2004 to 3 March 2004 <sup>(2)</sup>	Expected to be between 1.33 cents to 1.43 cents	<ul style="list-style-type: none"> <li>• All individual holders of units in A-REIT will receive gross distributions</li> <li>• All individual holders of units in A-REIT will be exempt from tax on distributions received as investment income.</li> <li>• Tax deducted at source for applicable cases, if any, will be at the rate of 20%</li> </ul>

**Notes:**

<sup>(1)</sup> The Manager announced on 15 January 2004 that A-REIT's distributable income for this period was S\$11.6 million, which equates to a distribution per unit ("DPU") of 2.12 cents.

<sup>(2)</sup> The Manager announced on 4 February 2004 that the range of the DPU for the period from 1 October 2003 to 3 March 2004 will be between 3.45 cents and 3.55 cents. After deducting the DPU of 2.12 cents for the 3 months ended 31 December 2003, the range of DPU for the period from 1 January 2004 to 3 March 2004 is expected to be between 1.33 cents and 1.43 cents. The actual DPU will be announced on or about 15 April 2004.

Mr Stephen Hawkins, the Trust Manager said, "The reduced corporate tax rate of 20% and tax exemption for individual unitholders is very positive for A-REIT's unitholders. We believe this incentive will further enhance the attractiveness of A-REIT as an investment instrument."

## About A-REIT

A-REIT is the first business space and light industrial REIT listed on the SGX-ST. It has a diversified portfolio of 16 properties comprising business park (including science park), and light and hi-tech industrial properties and logistics and distribution centres in Singapore, with a book value of approximately S\$996 million. These properties house a tenant base of over 350 international and local companies operating in a range of industries and activities, including research and development, life sciences, information technology, engineering and light manufacturing. Major tenants include Biopharmaceutical Manufacturing Technology Centre, Federal Express, Ghim Li Global, Honeywell, Lilly Systems Biology, OSIM International, Teradyne, Ultron Technologies, Venture Corporation, IDS Logistics, Nippon Express, TT International TradePark, Zuellig Pharma and Siemens.

A-REIT is managed by **Ascendas-MGM Funds Management Limited**, a joint venture between Singapore-based Ascendas Investment Pte Ltd, a related corporation of Ascendas Land (Singapore) Pte Ltd, and Australian-based Macquarie Goodmans Industrial Management Pty Limited.

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## 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, 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 Singapore Exchange Securities Trading Limited ("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.*