

**A-REIT to pioneer two development projects worth up to \$128 million
under the Warehouse Retail Scheme**

- To develop warehouse retail facilities for Cold Storage and Courts

24 January 2006, Singapore – Ascendas-MGM Funds Management Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”) is pleased to announce that for the first time, A-REIT will undertake the development of two warehouse retail facilities under the Warehouse Retail Scheme (“**WRS**”) launched in April 2004 by the Singapore Government. The two separate warehouse retail facilities will be developed for Cold Storage Singapore (1983) Pte Ltd (“**Cold Storage**”) for its Giant operations, a leading hypermarket operator in Singapore and for Courts (Singapore) Limited (“**Courts**”), a leading furniture and electrical product distributor, for an aggregate cost up to \$128 million.

A-REIT has signed separate letters of offer on 20 January 2006 with Cold Storage and on 24 January 2006 with Courts, which details A-REIT’s agreement to develop the two individual warehouse retail facilities and the two companies’ commitment to long term leases which will be effective upon the respective issue of the temporary occupation permits (TOP). A-REIT will capitalise the holding cost for the developments to the respective projects and no income will be received during the development period. As a result, the two developments have no impact on A-REIT’s distributable income per unit during the development period.

The pro forma financial effect of the completed acquisitions on the DPU for the financial year ended 31 March 2005 would be an additional 0.36 cents per unit ⁽¹⁾.

Both properties under development are located along Tampines Avenue 10 in close proximity to the housing estates of Tampines and Pasir Ris and easily accessible via Tampines Expressway.

⁽¹⁾ Assuming that: A-REIT had purchased, held and operated the two properties (when completed) for the whole of the financial year ended 31 March 2005 (based on 58 properties); the acquisitions funded using 40% debt and 60% equity; and in respect of the properties, the Manager had elected to receive its base Fee entirely in cash and its performance Fee entirely in units.

Chief Executive Officer of the Manager, Mr Tan Ser Ping said “We are pleased to have the opportunity to participate in this new concept and to embark on A-REIT’s first two development projects. This is in line with our business strategy of exploring new opportunities to increase long term value for our unitholders. In addition, we will have two reputable and established companies, Cold Storage and Courts as our tenants in A-REIT’s diversified portfolio.”

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 these two development projects currently accounts for about 4.7% of A-REIT’s deposited property.

The WRS is a new pilot scheme announced by Singapore Economic Development Board, to facilitate integrated businesses that encompass regional headquarters, retail, warehousing and industrial activities to operate on industrial sites. The usage of not less than 60% of the gross floor area of the WRS facility must be industrial or warehousing in nature. The three companies in the pilot project are Courts, Cold Storage/Dairy Farm and IKEA Singapore.

Details of the two developments are shown in the table below.

Projects	Warehouse retail facility for Cold Storage	Warehouse retail facility for Courts
Development costs (\$ million)	66	55 to 62 ⁽²⁾
Expected date for TOP	Jan/Feb 2007	Oct/Nov 2006
Rental escalation	Stepped rental increases	Stepped rental increases
Lease tenure (years)	29 years by Cold Storage Group of Companies	10 yrs with option to extend for another 2 terms of 10 years and 9 years respectively
Land area (sqm)	40,000	20,830
Land lease tenure (years)	30	30
Land premium	Upfront	Upfront
Gross floor area (sqm)	approx 41,000	approx 28,000
Tenant	Cold Storage Group of Companies	Courts

⁽²⁾ Pending confirmation on differential premium.

The Development Projects

1) Warehouse retail facility for Cold Storage

The proposed four-storey warehouse building with ancillary retail and office space will be constructed by Gammon Pte Ltd. Upon the issue of TOP expected to be by January/February 2007, Cold Storage Group of Companies will sign a 29-year lease with A-REIT for its Giant hypermarket, office and warehouse operations. The proposed rent is calculated based on a weighted average of retail (supermarket) and warehouse rental rates.

Cold Storage will pay for maintenance and utilities while A-REIT will be responsible for the payment of property tax and lease management fee. A-REIT will also incur costs amounting to \$0.6 million (being 1% of the total development cost) representing the acquisition fee payable to the Manager.

The property being developed will be sited on a land area of 40,000 sqm with land lease tenure of 30 years with effect from 1 January 2006 and a gross floor area of approximately 41,000 sqm. Land premium has been paid upfront by A-REIT.

2) Warehouse retail facility for Courts

The proposed four-storey warehouse building with ancillary retail and office space will be constructed by Wee Hur Construction Pte Ltd. Upon the issue of TOP expected to be by October/November 2006, Courts will sign a 10-year lease with A-REIT. Courts has an option to extend for another two terms of 10 years and 9 years respectively. The proposed rent is calculated based on a weighted average of retail (supermarket) and warehouse rental rates.

Courts will pay for utilities while A-REIT will be responsible for the payment of property tax, maintenance and lease management fee. In addition, A-REIT will pay \$3.9 million towards the building fitout which will be recovered from Courts over five years including an appropriate return which exceeds A-REIT's weighted average cost of capital. A-REIT will also incur costs amounting to \$0.5 million (being 1% of the total development cost) representing the acquisition fee payable to the Manager.

The property being developed will be located on a land area of 20,830 sqm with land lease tenure of 30 years with effect from 1 January 2006 and a gross floor area of approximately 28,000 sqm. Land premium has been paid upfront by A-REIT.

A-REIT has appointed Ascendas Services Pte Ltd as its project manager to supervise the construction of the two developments.

Disclosure Under Rule 1010(13) of the Listing Manual

In relation to Chapter 10 of the SGX-ST's Listing Manual, the two developments are not defined as Major Transactions based on the relative figures computed on the following bases applicable thereto:

- (a) the profits attributable to the two acquisitions, compared with A-REIT's net profits; and
- (b) the aggregate value of the consideration to be given, compared with A-REIT's market capitalisation.

Based on A-REIT's audited financial statements for the financial year ended 31 March 2005, the relative figure for the basis of comparison set out in sub-paragraph (a) is 11.4% which is below the Major Transactions threshold of 20% in Rule 1013 of the Listing Manual.

Based on the aggregate development cost up to S\$128.0 million of the two acquisitions and A-REIT's market capitalisation as at 23 January 2006 (being the latest practicable date prior to the date of this announcement), the relative figure for the basis of comparison set out in sub-paragraph (b) is 5.0%.

A-REIT currently has a portfolio of 60 properties and has announced four other proposed acquisitions: a building along Depot Road being developed by Ascendas Pte Ltd for lease to a US Fortune 500 multinational company which is a pre-committed project expected to be completed in 2006; 50 Kallang Avenue and Aztech Building, both expected to be completed by February 2006; and LabOne Building expected to be completed by middle of 2006.

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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 60 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\$2.6 billion. These properties house a tenant base of over 680 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 and Group Ekklusiv Pte Ltd.

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.